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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

ON

H.R. 5233

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES, FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1987, AND FOR OTHER PURPOSES

PART 5—(Pages 1-916)

Nondepartmental witnesses

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DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

THURSDAY, MAY 8, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:30 a.m., in room SD-116, Dirksen Senate Office Building, Hon. Lowell Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Andrews, Specter, Burdick, and Inouye.

Also present: Senator Warner.

NONDEPARTMENTAL WITNESSES

STATEMENT OF ELIZABETH TAYLOR, NATIONAL CHAIRMAN, AMERICAN FOUNDATION FOR AIDS RESEARCH

ACCOMPANIED BY MATILDA KRIM, M.D., COCHAIR, AMERICAN FOUNDATION FOR AIDS RESEARCH

Senator WEICKER. It is a great pleasure to welcome you here, Elizabeth, as the national chairman of the American Foundation for AIDS Research.

The committee will come to order, and the hearing will proceed.

Ms. TAYLOR. Thank you, Mr. Chairman, for the opportunity to speak here today.

I am especially pleased to be able to address this distinguished committee that has already done so much for health. I am aware of its longstanding commitment to excellence in biomedical research. I also want to thank you personally, Senator Weicker and the other Members of the committee, for your effective leadership and your success last year in increasing the budget for basic research and for research on the treatment of acquired immune deficiency syndrome [AIDS].

I commend the Congress for resisting the attempts of the administration to reduce the health research budget and for seeing that cutting it back during an epidemic of an incurable disease makes no sense.

I am here today because the American people need your help. There is an urgent need for intensified, accelerated, biomedical research. Although I will refer in my testimony to the tragic epidemic of AIDS, please keep in mind that AIDS research is part of the larger fabric of biological research. Rapid initial progress in AIDS research was made possible by a preexisting, solid base of research expertise. Further progress in AIDS research cannot be achieved in isolation from a broad, steady, active, innovative, and financially secure basic and applied biomedical research effort.

This vital effort must be steadily supported with a significant overall increase in 1987.

Virtually everyone has heard something about the acquired immune deficiency syndrome. AIDS has already afflicted over 20,000 fellow Americans and killed more than 10,000 of them.

AIDS is the most severe manifestation of a viral infection and this infection has been spread fast and wide, beyond people with AIDS. To date, perhaps as many as 2 million or more people have been infected with the virus that causes AIDS. Of these, more than 200,000 have serious symptoms related to AIDS, a condition called AIDS-related complex [ARC]. We now know that at least one-fourth of all infected people will develop AIDS and die from it. The remainder may suffer from various degrees of ill health throughout their lifetime and many of them may also develop AIDS.

The infection continues to spread uncontrolled. Some experts estimate that more than 1,000 additional people are now becoming infected with the AIDS virus every single day.

AIDS can strike people of all races and all ages, including children and the unborn. Women as well as men. It has spread to every State in our Nation. An unprecedented health crisis is upon us, one that threatens in one way or another virtually all of our lives.

A heroic, round-the-clock fight is being waged by our scientists against AIDS to find methods of prevention and treatment. Truly promising leads have been discovered that offer hope. Future therapies may even make possible a cure for those already afflicted.

AIDS can be conquered just as tuberculosis and polio.

However, the effort will take time. It will also take money and it must involve both the public and private sectors. This effort will require the steady support of governmental and academic research, of hospitals and of laboratories.

For this work, we must renovate and equip obsolete research facilities, and we must recruit and train a generation of new researchers. All these are necessary steps in the fight against cancer and other serious diseases, including AIDS. In addition, the companies that can develop and test new vaccines and drugs will need financial incentives and legal protection to make their work possible.

A comprehensive, sustained basic research effort will pay off in many ways. It will greatly increase our ability to understand, prevent, and treat not only cancer and AIDS, but many other intractable and chronic diseases such as arthritis, multiple sclerosis, which like AIDS involve virus-induced malfunctions of the immune system.

I had been working for AIDS for 5 months before I even knew that my friend, Rock Hudson, had the disease. Since he died of AIDS last year, I have been national chairman of the American Foundation for AIDS Research as well as community organizations across the country. I have become familiar with the tragedy of AIDS and acutely aware of research funding needs.

The foundation will soon award over $1 million in grants to promising research projects selected by its outstanding scientific advisory committee. Even though these grants each are limited to an amount of $50,000 and can, therefore, represent only seed money, 150 applications were submitted to us for funding. At least one-half of them dealt with most deserving and promising projects. Sadly, only 20 percent can be funded by us. I know that the National Institutes of Health is in the same position, able to fund only a fraction of the worthy proposals it receives.

There is, therefore, a great need for additional funds for AIDS research and other basic health research. Let no one tell you otherwise. Even an overall doubling of support for basic biomedical research will still fund less than all projects deemed deserving by peer review.

I must, therefore, stress the need for very significant increases in funding for basic and applied biomedical research for 1987.

Let me give you specific examples: Research recently has uncovered definite links between several types of virus and cancer; clearly, some viruses can cause human cancer. In each case, we must now find out more about the virus itself and its mode of infection and cancer causation.

Vaccines can now be developed against several cancer-causing viruses. For reasons of safety, however, this cannot be done by the traditional methods of vaccine production. New techniques, including the methods of recombinant DNA technology, must be used. The cost of such work is high, but its tremendous payoff will be the ability to prevent certain lymphomas, leukemias, liver cancer, cancer of the cervix, and other cancers in addition to preventing AIDS and its associated Kaposi's sarcoma.

There are several fundamentally different, innovative approaches to vaccine production and all must be pursued intensively at this time. I understand that some vaccine preparations against the AIDS virus are already being tested in animals, and that they will be ready for testing in primates, including humans, within months. Not only primate centers, but vaccine evaluation units must be readied now for the important work ahead.

Funds available for AIDS vaccine development now total less than $10 million. Because new vaccine preparations need to be developed, and because all need to be tested, I recommend that $50 million be allocated for AIDS vaccine development in 1987.

After many years of research, it is now possible to design drugs that work against viruses. However, the transition from laboratory to bedside is often a very long process. This process can be shortened by increased support for clinical research. There are now several promising drugs that may work to stop the AIDS virus. Testing of these drugs alone or in combinations must be carried out on several thousand patients by teams of experts, around the country.

These medical teams need expert laboratory backup in virology, pharmacology, and immunology. There are pitifully few such comprehensive laboratory facilities. For example, in my own city of Los Angeles, there is not one single laboratory. And many other major cities are without adequate comprehensive treatment centers for AIDS.

For these reasons, we recommend a tenfold expansion of drug development and clinical research on AIDS over the next 2 years.

The search for causes and means of transmission of both new and old diseases must be intensified.

Transmission studies are particularly important for AIDS. Of special importance are those studies of infection of children, both of infants who contract infection from their mothers and children who have been infected by blood transfusions. Selected populations in the United States and in Africa, where infection is prevalent, must also be studied in more detail.

Information about how the virus is spread is especially needed now, while we still lack medical means to prevent infection, such as vaccines. Now, and in the foreseeable future, the only hope people have to protect themselves is through knowledge about how the virus is and is not transmitted.

The AIDS virus is now spreading among heterosexuals, particularly among women. AIDS is a women's health issue of increasing importance, and, therefore, also a growing threat to infants.

AIDS is crossing over, inevitably, from groups at high risk to lower risk groups. If we are to contain the killer, we must minimize this crossover phenomenon. There is, therefore, an urgent need for aggressive, innovative, public education, and counseling efforts. In this area, too, the 1986 efforts must be doubled in 1987, to $30 million.

Because a vaccine for general use is years away, any delay in educating the public will later weigh heavily on our national conscience, for the health and the lives of our adolescent or adult children and their children is at stake. We owe it to them to take a strong stand now, today, and to make available to them the clear, specific information they need to protect themselves.

If we fail to do so, tens of thousands of lives that could have been saved will be lost each year, unnecessary suffering will be visited upon hundreds of thousands of people, and costs for medical care and lost productivity that are already running into the billions of dollars, will become truly staggering.

Let us only remember that unless the educational effort permeates all segments of our society and succeeds in motivating important behavioral changes, the AIDS virus will, in 1987, certainly infect twice the number of people it infects today.

Finally, I want to beg you to address two issues that are little known outside the Public Health Service [PHS]. First, the National Institutes of Health [NIH] and the Centers for Disease Control [CDC] are presently operating under a hiring freeze. No matter how urgent the public need, or how new and exciting the opportunities to heal and cure, not one new position can now be created within those agencies.

In fact, the foremost AIDS research laboratory at the NIH, that of Dr. Robert Gallo, has recently lost four researchers by attrition and they cannot be replaced. While the tide of infection and death due to AIDS rises, the number of scientific personnel at our national, basic, and clinical research centers dwindles. That is certainly not an effective way of coping with our No. 1 health crisis and other unsolved health problems.

Second, the directors of the different institutes of the NIH must now operate their agencies under the additional constraint of an almost total lack of budgetary flexibility. Under such conditions, how are they to respond to sudden crises or to unforeseen opportunities? Surely, these prominent, senior investigators and administrators are as deserving of our trust as anyone else, it would seem, with regard to the best use of their resources. Demeaning restrictions are certainly not a way of maintaining the world preeminence and the prestige of our outstanding national research centers.

It is my hope that history will show that the American people and our leaders met the challenge of AIDS rationally and with all the resources at their disposal, for our sake and that of all humanity.

I am confident that you, gentleman of this committee, understand because of your previous achievements that the decisions you make regarding the support needed for basic biomedical research, clinical AIDS research, and public education on AIDS will directly affect how many people will be saved by prevention, and how many more people will be infected, and how many more people will die.

You know that your decisions will directly affect how much longer it will take until we can overcome the terrible threat of AIDS to the health of our Nation and solve many other enduring health problems.

I thank you very much for your attention.

PREPARED STATEMENT

Senator WEICKER. Thank you very much, Elizabeth, for your very eloquent testimony. Your statement will be placed in the record in its entirety.

[The statement follows:]

Statement of Elizabeth Taylor

Thank you, Mr. Chairman, for the opportunity to speak here today.

I am especially pleased to be able to address this distinguished Committee that has already done so much for health. I am aware of its longstanding commitment to excellence in biomedical research. I also want to thank you personally, Senator Weicker and the other Members of the Committee, for your effective leadership and your success, last year, in increasing the budget for basic research and for research on the treatment of AIDS. I commend the Congress for resisting the attempts of the Administration to reduce the health research budget and for seeing that cutting it back during an epidemic of an incurable disease makes no sense.

I'm here today because the American People need your help. There is an urgent need for intensified, accelerated, biomedical research. Although I will refer in my testimony to the tragic epidemic of AIDS, please keep in mind that AIDS research is part of the larger fabric of biomedical research. Rapid initial progress in AIDS research was made possible by a pre-existing, solid base of research expertise. Further progress in AIDS research cannot be achieved in isolation from a broad, steady, active, innovative, and financially secure basic and applied biomedical research effort.

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For this work, we must renovate and equip obsolete research facilities, and we must recruit and train a generation of new researchers. All these are necessary steps in the fight against cancer and other serious diseases, including AIDS. In addition, the companies that can develop and test new vaccines and drugs will need financial incentives and legal protection to make their work possible.

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Because a vaccine for general use is years away, any delay in educating the public will later weigh heavily on our national conscience - for the health and the lives of our adolescent or adult children, and their children, is at stake. We owe it to them to take a strong stand now, today, and to make available to them the clear, specific information they need to protect themselves.

If we fail to do so, tens of thousands of lives that could have been saved will be lost each year, unnecessary suffering will be visited upon hundreds of thousands more people, and costs for medical care and lost productivity -that are already running into the billions of dollars - will become truly staggering. Let us only remember that unless the educational effort permeates all segments of our society and succeeds in motivating important behavioral changes, the AIDs virus will, in 1987, certainly infect twice the number of people it infects today.

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Secondly, the directors of the different Institutes of the NIH must now operate their agencies under the additional constraint of an almost total lack of budgetary flexibility. Under such conditions, how are they to respond to sudden crises or to unforeseen opportunities? Surely, these prominent, senior investigators and administrators are as deserving of our trust as anyone else - it would seem - with regard to the best use of their resources. Demeaning restrictions are certainly not a way of maintaining the world preeminence and the prestige of our outstanding national research centers.

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Senator WEICKER. Let me say that I think you best exemplify the best use of power in the sense of your being well loved and well known throughout the country, using that power on behalf of those that need help. You have done it very eloquently. I can assure you in no better cause.

Two things I would like to point out in your testimony. One, you say that rapid initial progress in AIDS research was made possible by a preexisting solid base of research expertise.

I think what is necessary to point out to this generation is that the investment which the United States made in the National Institutes of Health over past generations is responsible for much of the success we are seeing in many areas today. Because they put their money down 10 years ago, we receive the benefits today.

So it is that if we don't put down the money today, 10 years from now, others won't have the benefit of that type of research.

Ms. TAYLOR. With AIDS, 10 years from now will be too late.

Senator WEICKER. I agree with you. I think that is a point to be remembered no matter what the affliction, that basic research has to go on.

Second, there is a release today and again in your testimony, you point out that AIDS can strike people of all races, all ages, including children and the unborn. There is a release today, and I will read just a couple of sentences, "Many infants born with AIDS display early physical and mental abnormalities that distinguish them from other babies, characteristics that may help identify unsuspected cases."

Dr. Rubenstein of the Albert Einstein College of Medicine in New York said, "AIDS babies are infected by their mothers while in the womb. It appears that infants get the virus that causes the disease within the first 3 months of pregnancy. Many are born with distinguishing characteristics," he said.

The article goes on, "There are at least 1,000 pediatric AIDS patients nationwide and some say the number is closer to 3,000."

Again, I think what it points out is that in the American mind set, there was sort of a feeling that there was one segment of our population that was vulnerable to this disease. It crosses all sexes, all ages, all sexual patterns, whatever. It truly is a matter of national concern.

Ms. TAYLOR. As I said in the testimony, so many women are being affected by AIDS now, and not from transfusions. It is being transmitted sexually. Obviously, this is not breakfast conversation. It is being transmitted vaginally, which a lot of very intelligent educated people refuse to believe. It is a total myth that it is anal sex, that that is the only way that it can be transmitted. That is totally wrong, incorrect. It is a medical fact that it can be transmitted from men to women and vice versa vaginally, and that is a fact that should be more known.

As you said, it is no longer just a small community disease that it once was thought to be. A lot of people are carriers that don't even know they have the disease.

Senator WEICKER. My last comment, and I will turn to my colleagues for questions, as chance would have it, I go to Albert Einstein College this afternoon to deliver the commencement address to the medical school.

I find it absolutely amazing that even in this last budget debate which just concluded, and where we got some additional funds for the NIH, I had to in effect grovel for a few hundred million more for all of the diseases and afflictions across this Nation, which we got at the last minute. While at the last minute, an additional $5 billion went into the defense budget.

It seems to me that somewhere along the line, as important as defense is in the framework with which we define it, that this Nation has to make a choice between the speculative deaths at the hand of some foreign enemy and the very real deaths that go on day in and day out, and those sums of money that are being spent today are a disgrace to this Nation.

Ms. TAYLOR. I agree totally. We know that these people are going to die. That is a fact. We don't have to wait for any kind of friction. These people are walking around with a noose around their necks. They are living time bombs. They are going to die because we don't have a vaccine. We have nothing to stop it yet. It has become epidemic. You are right, why not help defend our people.

Senator WEICKER. Senator Andrews.

Senator ANDREWS. Thank you, Mr. Chairman. Elizabeth, we appreciate your being here. I appreciate particularly the way you made the case for research, not just for this one disease that you are deeply concerned about, and quite rightly so, but you say it is part of the larger fabric of biomedical research needs.

Lowell just mentioned the amendment that we had to fight for in the budget resolution. If Gramm-Rudman had continued and if the House doesn't pass our budget resolution, it will, there will be about a 30-percent cut in NIH funding. We put it in to keep it at last year's level and it passed the Senate. We feel as you do, that this isn't a spending program, it is an investment program.

As we point out, if you are going to invest in protecting your freedom in defense, why not invest in protecting the people you want to defend. It just boggles my imagination that we have to fight that fight again and again with a White House that should know better.

This committee has a pretty good track record as does the Budget Committee, on which I also serve. The key really is to make sure that this is tied to the fight against cancer and other dreaded diseases, and it gives us a research base to protect our people into the future.

Your coming here today focuses attention on the need for medical research in a way that we couldn't do in the way we sit normally behind this table. We don't get that much attention.

Ms. TAYLOR. The money for cancer research should not be taken away from cancer research to be given to AIDS. It has to be taken from some other source, such as the increase in the budget for national defense, which I know is very important. It can't come from research, medical research.

Senator ANDREWS. Even if we have to increase the tax load, call it revenue enhancement if you don't like to call it tax increases, but this is necessary to make the investment that has to be made. That's why I am complimenting you. While you are focusing on one disease, you are making the case that has to be made for across the spectrum biomedical research to benefit us and free us from not just AIDS, but the cancer and heart disease and strokes, and all these other things so that man's need to know is broadened. It is a challenge we have to meet.

We appreciate your coming and helping us on this.

Ms. TAYLOR. Thank you.

Senator WEICKER. Senator Specter.

Senator SPECTER. Thank you, Mr. Chairman.

Ms. Taylor, I would like to join my colleagues in thanking you for your appearance here. Public attention is very frequently translated into public support and judged by the way these hearings are usually attended, I think you will gain a lot of support for the considerations which you have raised today. I just want to thank you. I have listened carefully. I intend to support the objectives which you have articulated.

Ms. TAYLOR. Thank you very much.

Senator SPECTER. Thank you, Mr. Chairman.

Senator WEICKER. Senator Warner.

Senator WARNER. I will pass, Mr. Chairman. I am in charge of the defense budget. [Laughter.]

Senator WEICKER. You will probably want to know what we have been talking about. I have been talking to Senator Warner about a possible reallocation of about $100 million in defense into AIDS, when the matter is in the Appropriations Committee.

Senator Warner says he wants to think that over. I have no doubt as two graduates from the University of Virginia, that this matter can be amicably disposed of.

Senator WARNER. Let's work it out together and don't send the lobbyists to see me. [Laughter.]

Senator WEICKER. Elizabeth, thank you very much for your eloquent testimony.

Ms. TAYLOR. Thank you very much. John, we'll talk later. [Laughter.]

Senator WEICKER. I wonder if the press would be good enough to do their interviews in the hall. There are other witnesses who have come a long way to testify, and I think out of courtesy to them, we should proceed.

The next witness is Robert Rosenzweig, the president of the Association of American Universities.

STATEMENT OF ROBERT M. ROSENZWEIG, PRESIDENT, ASSOCIATION OF AMERICAN UNIVERSITIES

Mr. ROSENZWEIG. Thank you, Mr. Chairman.

As always, I am pleased at the committee's invitation to appear before you, although in this case I am reminded of the old saying in Vaudeville that I wouldn't give this spot to my cleaners. [Laughter.]

[Applause.]

Senator WEICKER. I have mixed emotions myself. We have been through 30 days in a rather empty room with some very passionate pleas also, but I feel very strongly this is a very good thing, the more people that we can get to draw attention the better it is for all of us. I am far from feeling put out. I feel very grateful.

Mr. ROSENZWEIG. I absolutely agree.

Senator WEICKER. I know, since I deal with you and many of your colleagues, that you are men and women of extraordinary dedication with very little recognition, as indeed are some of the people who are afflicted, some of the youngsters that come in here and testify about these various diseases, and they only represent a 1,000 or 2,000 or 3,000 population out there.

Really I suppose what it means is maybe we are going to have to have some more testimony like this if we are going to dramatize this portion of the budget, which all of us seek to enhance. I have always thought in the past that the matter of life and death was sufficient to get the interest of the public. Apparently it is not. Apparently it is not. I can assure you that as the warmth and intelligence of Ms. Taylor is deeply appreciated by this committee, so is your consistency and your commitment to the cause of education and of science.

So I admit what everybody in this room is going to admit. Sitting across the table from you is not as much of a thrill as it is sitting across from Ms. Taylor. [Laughter.]

But neither is it for you looking at me. [Laughter.]

So we are going to have to live with each other and do the best we can.

Mr. ROSENZWEIG. Year after year. [Laughter.]

Thank you, Senator. I appreciate that.

Most of what you are told in these annual appropriations hearings for NIH, quite properly, has to do with the serious diseases that afflict our people and with the basic and clinical research needed for a greater understanding of the biological processes so that we can achieve better treatment of or even, in the best case, a cure for those afflictions.

After all, it is the expectation that investments in research and training will lead to the alleviation of disease that has led the American people to support biomedical sciences so generously over the years.

Much of the prepared testimony that I have submitted for the record deals with that subject, so I would like to take my few minutes here this morning to discuss with you the condition of the institutions in which most biomedical research and training takes place; namely, the Nation's research universities.

If you don't hear about that from someone who represents university presidents, it is unlikely that the subject will be brought to you by anyone else, and that would be a pity because no matter how obvious it may be, it is worth saying again that in America, we have committed the conduct of basic research very largely to our universities. The health of those universities is, therefore, a critical element in assessing the present condition and the future prospects of our research enterprise.

What I want to ask of you this morning is that you look at universities not simply as the main setting for research and research training in the biomedical sciences but as the setting also for a broad range of equally important activities which begin at the undergraduate level and stretch to education and training for all of the main professions in our society, which reach out beyond the limits of science and which include obligations to the past and the future as well as to the present.

As it happens, that is the way in which university presidents necessarily view their responsibilities, and because they do, they are greatly worried this year by the convergence of a set of policy initiatives in Washington whose prospective damage is made larger and more likely by virtue of the fact that it is very hard in this city to persuade policymakers to look beyond the boundaries of the policies for which they are formally responsible.

The initiatives to which I refer are deficit reduction efforts, tax reform, and limitations on indirect costs for coverage. All of these are issues which you will address as Senators, but no Senator addresses all of them within the limits of his or her committee assignments. So the totality of their impact is easy to lose sight of.

In the worst case, which isn't really all that unlikely, those three initiatives could deprive universities of hundreds of millions of dollars of income a year for purposes as diverse as grants and loans for undergraduate students, faculty salaries, research equipment, and other direct research costs, and funds for libraries, heat and light for buildings, technical and clerical salaries, and other indirect costs of research.

Finally, the House-passed tax bill would significantly erode the ability of universities to raise money from private philanthropy.

All in all, it is a daunting prospect, and the point I want to make to you is that you can't discharge the responsibility of this committee to assure the continued strength of biomedical research unless as Senators you view the other matters that come before you and that affect universities as if they were part of that same responsibility.

In fact, they are, as a simple example will demonstrate. If NIH, for example, is forced to underfund research projects, either in the direct or indirect cost categories—it doesn't matter—the effect is to put pressure on university administrations to assume the costs which the Government will not pay.

The effect within each affected institution is to set up a competition in which the needs of research are pitted against the equally legitimate needs of other parts of the university. Unless new resources are found elsewhere—and I will remind you again of the potential effect of tax reform on charitable giving—it is a competition in which there can only be losers.

Let me point out that the same destructive dynamic exactly is set up if an institution suddenly finds its student aid funds sharply reduced. Then the need for student aid funds competes with the need for research support.

At the moment, the prospect doesn't look quite so grim as it did only a few weeks ago, thanks largely to the recent action in the Senate on the budget, in which the chairman of this committee and Senator Andrews were instrumental. Moreover, the tax reform bill which just passed the Finance Committee is a great improvement over the House bill because it doesn't add additional disincentives to charitable giving beyond those which are inherent in a reduction of marginal tax rates.

The situation with respect to indirect cost recovery is, I am afraid, more problematic. If the administration persists in its efforts to rationalize its unrealistic and inadequate NIH budget by changing the rules for cost recovery so as to save $100 million from indirect costs, then there is more trouble ahead and we will certainly bring it to this committee's attention.

In any event, as you know far better than I, it is a long way from where we are now to final action on any of these issues, and some of the matters most important to universities and, therefore, to biomedical research will take place outside the confines of this committee. We count on you to view your actions here in that larger context and to be alert to matters that will come before you in other settings that will affect our capacity to sustain high quality research in the Nation's service.

Thank you, Mr. Chairman.

PREPARED STATEMENT

Senator WEICKER. Thank you very much, Mr. Rosenzweig. I appreciate it. And again, thank you for your consistency in watching that NIH budget in the matter of indirect costs over the years. I appreciate it.

Mr. ROSENZWEIG. Thank you, sir.

[The statement follows:]

STATEMENT OF ROBERT M. ROSENZWEIG

Mr. Chairman, Members of the Committee, my name is Robert M. Rosenzweig. I am President of the Association of American Universities. I appear before you today on behalf of the Association of American Universities/American Council on Education/National Association of State Universities and Land-Grant Colleges Joint Committee on Health Policy. This Committee includes university Presidents, Chancellors, Vice Presidents, and Deans who are deeply concerned and involved in the nation's biomedical research and health professions education.

I join my colleagues here today in concern over the certain destructive effects on biomedical research if the Administration's NIH and ADAMHA budgets were to be adopted. I know you have heard, and will continue to hear, about the effects of these proposals on the conduct of science and the future of this country's role in biomedical science. The implications of such cuts for the future are profound. At a time of unprecedented opportunity, the Administration is proposing a budget that not only does not sustain current levels of research but also cuts deeply into essential programs.

The cumulative effect of this budget is to cut back on research and to weaken research universities' capacity to host the nation's biomedical research. The current system of research support is complex and multifaceted. Today's science is dependent upon expensive technology that is supported by many mechanisms, public and private. The Administration's budget proposal does not recognize the essential long-term federal investment in research. Specifically for NIH and ADAMHA, the Administration's budget falls short by proposing:

o Partial funding of research with cuts in direct and indirect costs of research grants

o Elimination of the Biomedical Research Support Grant (BRSG) program

o Drastic reductions in training programs

- Continued insufficient support for research equipment and instrumentation
- Continued inattention to the crisis of aging and obsolescent research facilities.

For those engaged in university-based research, the BRSG program is a unique mechanism that has never been supported at its authorized levels. The concern and support for funding this program is agreed upon throughout the entire research community because it is so important to both research and the support of young research scientists. These grants provide funds to buy a small piece of equipment needed to allow research to begin or to continue in a given project. It provides support for the new and highly promising scientist who is several years away from support by NIH. In general, it fills in some of the inevitable gaps of a national research program. For years OMB had sought to eliminate the program, only to find a Congress aware of the significance of the program and determined to restore funds. We again ask that these funds be restored.

All those engaged in biomedical research are aware of the current dismal state of research facilities. It becomes increasingly difficult to conduct first-rate science in decaying facilities with obsolete or unavailable equipment. The problem is enormous--and, we believe, it is important to begin a program for research facilities. The associations I represent today believe that research facilities support must be subject to the same scientific scrutiny as research funding. Even a small program will help relieve the pressure on institutions and on Members of Congress to circumvent these procedures in order to deal with the pressing problems of decaying research facilities.

This nation's biomedical research has become more complex and more technology - and personnel-intensive. We have trained a cadre of scientists who are prepared to find answers to essential questions regarding human health. We believe these times require, at the very minimum, a maintenance of effort. Research cannot be accomplished "on the cheap." It also cannot be reduced to production units. An underfunded research grant will not produce the same results as a grant that is fully funded.

The biomedical research community is in the grips of a profoundly painful and divisive debate. Many researchers, faced with cuts in the size of their grants and continued limits to the number of new opportunities, coupled with unprecedented scientific opportunity, are desperately seeking ways to prevent further erosion in the investigator-initiated research grant science base. University administrators, while they share this profound concern, also are aware of the research infrastructure that has been deprived of support for many years. The simple answer is more money. Unfortunately, as this Committee understands better than most, the simple answer will not suffice for at least the near future.

We understand that you must make difficult decisions. In doing so, we ask you to recognize that:

- o Cuts in grants in either the direct or indirect cost categories harm that research.
- o Such cuts cripple research; distinctions between the two are wholly specious.
- o While investigator initiated research is the cornerstone of the research effort, it is essential to provide support for the range of NIH program including training, clinical trials, the BRSG program, facilities support, and the intramural program at NIH.

I thank the Committee for your unflagging support for research and education. I ask that you fund research fully at whatever level can be reached. To that end, the associations I represent join with many others in support of the recommendation of the Ad Hoc Group for Biomedical Research.

I want to take this occasion to thank you again for your help in convincing OMB to sit down with us to discuss revisions of Circular A-21 and to bring you up to date on the status of these discussions.

As you know, OMB postponed implementation of the proposed revision of Circular A-21 until July 1 and entered into discussions of their proposal with the university research community under the auspices of the NAS Government-University-Industry Research Roundtable (GUIR). To date, there have been three meetings. While there continues to be disagreement over whether or not a change of accounting principles will yield a set amount of budget savings for FY '87, we believe these discussions can produce mutually agreed upon changes in the Circular. Further, we believe that such changes will save the government money and reduce administrative burden to the university administration and its faculty. Although we are a long way from a resolution, we have reason to be hopeful.

After examining the criticisms of the White House Science Council and Department of Health and Human Services about the allowability of certain administrative costs, our business officers prepared a proposal that, if implemented, would limit the recovery of costs attributed to the work of faculty on sponsored research administration. We are willing to cap those costs at a relatively low number. In exchange, the government would eliminate the requirement for faculty effort reporting.

OMB representatives want any compromise agreement to include a cost saving for the government in the amount of $100 million. That is the amount by which indirect cost reimbursement to institutions would have been reduced had we accepted the OMB proposal to cap all administrative costs. We object to the OMB proposal because we do not believe that our purpose for meeting is to negotiate with the Administration over its research budget after it has already been sent to the Congress. We are meeting with OMB representatives, we believe, to negotiate substantive changes in accounting principles and procedures. We are convinced that properly crafted changes can improve research management, eliminate some existing accounting ambiguities and by so doing, lower the cost of managing research in universities.

Let me add that both sides are at the table, and they are friendly. We are hopeful that mutual accommodations will result in an acceptable compromise.

In closing, I wish to call to the Committee's attention one attachment to my testimony that deals specifically with the issue of indirect cost reimbursement: an interview with David Packard, Chairman of the White House Science Council (WHSC), on the subject of the recommendations of the report of this panel.

STATEMENT OF STEPHEN E. LAWTON, ESQ., COALITION FOR HEALTH FUNDING

Senator WEICKER. Next Stephan Lawton, the Coalition for Health Funding.

Mr. LAWTON. Mr. Chairman, thank you very much.

I ask that my full statement be made a part of the record at this point and that I be allowed to summarize and that I be allowed to go off the record for 30 seconds.

Senator WEICKER. You may go right ahead.

[Discussion off the record.]

Mr. LAWTON. The Coalition for Health Funding, which I am representing today, is composed of over 40 national health organizations that represent voluntary health agencies, consumers and providers of health services, the institutions that train health professionals and others. They include, for example, the American Academy of Pediatrics, the Infectious Diseases Society, the Association of Schools of Public Health, the American Psychiatric Association—and all of the rest of them will be mad at me because I didn't mention them.

The thread that unites these diverse groups is an overriding concern for the Public Health Service's research service and training programs. The coalition is deeply concerned about Gramm-Rudman. You know that it has initiated a process euphemistically called sequestration, and you are well aware that on February 1, 1986, the President issued a sequestration order which became effective on March 1, 1986.

The order mandated 4.3-percent cuts in funding for virtually all the discretionary health programs, with the exception of the Community Migrant Health Center's programs, which sustained a 1-percent cut.

Perhaps a 4.3-percent funding reduction does not sound like very much, but as a direct result of that sequestration, Mr. Chairman, the following has happened. $236 million in funding for the National Institutes of Health research support was eliminated, necessitating across-the-board funding cuts in all ongoing research and training programs irrespective of need or merit.

Over $10 million in funding for AIDS research was cut at a time when scientists are coming closer to identifying a vaccine that can prevent—not cure—but that can prevent this fatal disease. Four hundred twenty-four training grants that were to be awarded to young researchers by the NIH, who get paid about $12,000 to $18,000 a year, were eliminated.

The number of research trainees supported by the Alcohol, Drug Abuse, and Mental Health Administration [ADAMHA] was reduced by 35 positions. Funding sufficient to allow 65,000 children to receive immunizations against childhood diseases was deleted. Thirty-five grants of regional and national significance were cut from the Maternal and Child Health Program.

Funds to allow the community health centers program to expand health services in 10 rural communities for an additional 50,000 people were lost. Eighteen health professions scholarships for students in exceptional financial need, primarily minority students, were never awarded. Planned traineeship positions for 252 public health and 100 nursing students were abandoned.

Mr. Chairman, these cuts I have just described and many like them that time will not permit me to detail had a profound impact on our Nation's biomedical research effort, the health of our children, and various health professions training programs designed to assure the continued availability of the most highly qualified nurses, physicians, dentists, public health workers, and the like.

Perhaps the most disturbing impact of the Gramm-Rudman-inspired cuts was their indiscriminate nature. Each program funded under the auspices of PHS is unique, be it family planning or be it immunization grants, and it used to be exclusively within the purview of this committee and your colleagues on the House side in the relevant committee to gage the essential financial requirements of each PHS program and to fund them accordingly, based on extensive and exacting and, I suspect you would say, exhausting hearings.

Gramm-Rudman, however, effectively reduces the studied recommendations of this committee, of you and of your staff, of Maureen and Steve and of others, to rhetoric because of its power to virtually obliterate committee judgments by the means of—and I'm now quoting from the brief of the U.S. Supreme Court in the *Synar* case—a "mindless, unfeeling, unthinking, bloodless formula," a result of which is the very real potential to undo much of the progress in health care and research assiduously fostered by this committee.

As you may know, the coalition has submitted an amicus curiae brief. I know you are tired of lawyers, but I would like to ask consent that that brief be submitted for the record at this point, not because of the legal issues that we raise but because it points out more precisely than I am able to in the time that I have been given the effect of the sequestration order and of the impact of it later on.

Senator WEICKER. It will be included.

Mr. LAWTON. I am beyond my time, Mr. Chairman. I would only say that abolition by the Supreme Court of the sequestration process, scheduled to go into effect, once again, in September, will certainly return this committee to its pivotal position in determining health funding policy and will assure that the next round of across-the-board cuts, estimated conservatively by the Congressional Budget Office [CBO] at 8.4 percent, will never go into effect.

Our argument in front of the Supreme Court is that if this law is unconstitutional 1 month from now, it was unconstitutional back in February, and we want our money back and we want your money back.

Even absent a favorable ruling by the Supreme Court, however, the Gramm-Rudman juggernaut must be stopped as it represents a deadly serious menace to public health. Public health saves health care costs. This has been demonstrated time and time again. It was demonstrated most recently by the Institute of Medicine in a very thorough and very thoughtful report on vaccines, particularly childhood vaccines.

I thank the chairman for his time.

PREPARED STATEMENT

Senator WEICKER. Thank you very much. I appreciate it, Stephan. Thank you for your testimony.

[The statement follows:]

STATEMENT OF STEPHEN E. LAWTON, ESQ.

Mr. Chairman, and members of the committee, my name is Stephan E. Lawton. I am a partner at the Washington, D.C. law firm of Pierson, Ball & Dowd and serve as general counsel to the Coalition for Health Funding (Coalition). Prior to entering private practice, I served as Chief Counsel to the Subcommittee on Health and the Environment of the United States House of Representatives from 1971 to 1978. As you know, that subcommittee developed most substantive health legislation enacted by the Congress during the 1970s, including laws affecting health professions education and biomedical research programs, health planning, health maintenance organizations, environmental laws and food and drug laws.

The Coalition for Health Funding, which I am representing today, is composed of over 40 national health organizations that represent voluntary health agencies, consumers and providers of health services, the institutions that train health professionals and others. The thread that unites these diverse groups is an overriding concern for the Public Health Service's (PHS) research, service and training programs.

The Coalition is deeply concerned about the impact the Balanced Budget and Emergency Deficit Control Act -- more commonly known as Gramm-Rudman -- has had and will have on discretionary health programs. As you well know, Gramm-Rudman has initiated a process euphemistically called sequestration. Briefly put, sequestration is a process whereby the deficit for the upcoming year is determined, and, if it exceeds a predetermined "maximum deficit amount," necessary budget reductions are calculated. Ultimately, any deficit excess is cured by a sequestration order issued by the president.

On February 1, 1986, the president issued just such an order which became effective on March 1, 1986. The order mandated 4.3 percent cuts in funding for virtually all of the discretionary health programs, with the exception of the

Community and Migrant Health Centers programs which sustained a one percent cut. Perhaps a 4.3 percent funding reduction does not sound like very much, but as a direct result of that sequestration:

- $236 million in funding for the National Institutes of Health ("NIH") research support was eliminated, necessitating across-the-board funding cuts in all on-going research and training programs, irrespective of need or merit;
- Over $10 million in funding for AIDS research was cut at a time when scientists are coming closer to identifying a vaccine that can prevent this fatal disease;
- 424 training grants that were to be awarded to young researchers by the NIH were eliminated;
- Funding sufficient to allow 65,000 children to receive immunizations against childhood diseases was deleted;
- Thirty-five grants of regional and national significance were cut from the Maternal and Child Health program;
- Funds to allow the Community Health Centers program to expand health services in ten rural communities for an additional 50,000 people were lost;
- Eighteen health professions scholarships for students in exceptional financial need were never awarded; and
- Planned traineeship positions for 252 public health and 100 nursing students were abandoned.

Mr. Chairman, these cuts I've just described, and many like them that time will not permit me to detail, had a profound impact on our nation's biomedical research effort, the health of our children and various health professions training programs designed to assure the continued availability of the most highly qualified nurses, physicians, dentists, public health workers and the like.

Perhaps the most disturbing aspect of the Gramm-Rudman inspired cuts was their indiscriminate nature. Each program funded under the auspices of the PHS is unique -- be it family planning or immunizations grants. And it used to be exclusively within the purview of **this committee** to gauge the essential financial requirements of each PHS program and to fund them accordingly, based on extensive and exacting hearings. Gramm-Rudman, however, effectively reduces the studied recommendations of this committee to rhetoric because of its power to virtually obliterate Committee judgments by means of a mindless, unfeeling, unthinking, bloodless formula: a result which has the very real potential to undo much of progress in health care and research assiduously fostered by this committee.

As you may know, the Coalition submitted an amicus curiae brief in the Gramm-Rudman case, which was argued before the U.S. Supreme Court on April 23, 1986. In its brief, the Coalition asked that the Supreme Court affirm the decision of the lower court that the automatic sequestration process is unconstitutional as a violation of the principles of separation of powers. Further, the Coalition argued that the lower court's decision that the February 1 sequestration order was null and void should be upheld and all sequestered funds restored under the long standing rule that judicial decisions usually are to be accorded retroactive treatment. If these arguments are accepted by the Supreme Court, the sequestered funds will be restored and the congress will be empowered to spend these funds, absent a legislative enactment rescinding them. It is the hope of the Coalition that the funds currently withheld from expenditure will be returned to the PHS programs from which they were taken in order to ameliorate the backsliding occasioned by the precipitious Gramm-Rudman cuts.

Abolition by the Supreme Court of the sequestration process scheduled to go into effect once again in September will certainly return this committee to its pivotal position in determining health funding policy, and will assure that the next round of across-the-board cuts -- estimated conservatively by the Congressional Budget Office (CBO) at 8.4 percent -- will never go into effect. Even absent a favorable ruling by the Supreme Court, however, the Gramm-Rudman juggernaut must be stopped as it represents a deadly serious menace to public health. The Coalition has always looked to your committee to provide the leadership necessary to protect and sustain the PHS programs. We again ask for your help to assure that PHS research, training and service program are spared from the ravages of Gramm-Rudman and in fiscal year 1987 receive funding increases necessary to offset the insideous effects of inflation and provide for real growth and progress toward a healthier America.

Mr. Chairman, I thank you again for your support for public health programs. We sincerely appreciate your leadership. I will be happy to answer any questions you or the other members of the committee may have.

STATEMENT OF MYRON GENEL, M.D., PUBLIC POLICY COUNCIL

Senator WEICKER. The next witness is Dr. Myron Genel, Public Policy Council, professor of pediatrics, associate dean at Yale University.

Dr. GENEL. Senator, I am honored to be here today and flattered to be among the illustrious company that has preceded me.

I have a lengthy prepared statement which I have submitted for the record. I want to depart from that today and tell you something about where I have been this past week.

I am, as you said, professor of pediatrics at Yale. For the past 15 years, I have been program director of Yale's Children's Clinical Research Center. The Public Policy Council, which I represent, is a joint activity of the American Society for Pediatric Research, the American Pediatric Society, and the Association of Medical School Pediatric Department Chairmen. Membership in these societies is conferred on the basis of their leadership in American medicine and also on the basis of their accomplishments in scholarship and research.

These organizations, therefore, represent the cadre of physician investigators who are now active in the front lines of research in pediatric medicine.

Senator, I have just come from the annual research meetings of these societies. In fact, it was at these meetings yesterday that Dr. Rubenstein reported his findings on infant AIDS. My colleagues are apprehensive and concerned. Our younger members, who have endured long and arduous training, are discouraged and dispirited. We are at the horizon of momentous opportunities in our capabilities to exploit the explosion of knowledge in biomedical research, much of this fueled on the basis of past support from the Federal Government and from this committee.

I will not recite you all of the accomplishments. These have been recited before and are part of the public record. But let me point out that we have a problem with dealing with low birth weight infants only because of the momentous changes and advances in the care of these infants that has occurred through pediatric research over the past decade. We can talk about the problems of complications of diabetes because of the therapeutic advances that have occurred in the past 25 years, one of them the development of the insulin pump, which occurred at my clinical research center.

But we are now in an environment in which 25 percent or less of the approved grants are being funded by the Federal Government. We are in a climate where the impending acts of Gramm-Rudman-Hollings threatens to slice 10 or 25 percent from our biomedical research budget. We are in a climate in which there is erosion of support for training at a time when the increase in sophistication of biomedical medicine requires even greater support so as to sustain young investigators for long and arduous periods of training.

We are in a climate in which the impact of DRG's and cost conscious competition in health care delivery makes clinical research in a clinical setting almost impossible because of the financial constraints.

Senator, on my way to Washington last week, I happened to be seated next to a gentleman, both of us having been bumped off the Pilgrim flight because of fog—I think that is something you understand. And we happened to talk about the flight, and as we were talking, I learned that 13 years before his son had been diagnosed as having leukemia and his son was a patient in our clinical research center. This was at a time when the benefits of cancer research were such that less than 30 percent of the children survived. And many of them less than 6 months.

His son is now 15 and a high school football player.

You said earlier that biomedical research is an investment and I only want to echo your words. I agree wholeheartedly.

The children of this country are also an investment. I have been hearing a lot about investment in Washington this week, about investment, depreciation allowances, and so forth. But the greatest investment that one can make is in this Nation's youth. And the best in our Nation's youth is an investment in biomedical research and I encourage and applaud your support.

PREPARED STATEMENT

I thank you.

Senator WEICKER. Thank you, Dr. Genel. We will place your statement in its entirety in the record at this point.

[The statement follows:]

STATEMENT OF MYRON GENEL

SUMMARY OF RECOMMENDATIONS

As organizations representing pediatric researchers, the faculty of medical and research facilities and the leaders of all U.S. medical school pediatric departments, the American Pediatric Society, the Association of Medical School Pediatric Department Chairmen, and the Society for Pediatric Research appear today to speak on behalf of future generations of America's infants, children and adolescents. Recognizing and accepting the need for fiscal constraint and responsibility should not force Congress to jeopardize the health and well-being of our future by decimating today's health programs. Tomorrow's children will the beneficiaries of monies spent on today's biomedical research.

These organizations submit the following recommendations:

1. We fully support the recommendations of the Ad Hoc Group for Medical Research Funding for fiscal year 1987 levels of $6.079 billion for the National Institutes of Health and $465 million for the Alcohol, Drug Abuse, and Mental Health Administration.

2. Within these levels, there should be enhanced support for the training and development of physician investigators and for the General Clinical Research Centers program.

3. We encourage the development of a cross-agency study of federal biomedical research involving infants and children.

4. There should be a continuation of primary care training grants at present levels.

These programs represent opportunities for Congress, the medical profession, and our society to invest in tomorrow in a way which will not only result in a more healthy population, but which will also be fiscally sound. Preventive medicine is accepted as the most cost-effective, cost-beneficial health plan; biomedical research and health professions training are preventive medicine.

Mr. Chairman, I am Myron Genel, M.D., professor of pediatrics at Yale University. I speak to you today representing the American Pediatric Society, the Association of Medical School Pediatric Department Chairmen, and the Society for Pediatric Research in my capacity as Chairman of their Public Policy Council. These organizations represent pediatric researchers, the faculty of medical and research facilities, and the leaders of all U.S. medical school pediatric departments. Membership in the American Pediatric Society and the Society for Pediatric Research is conferred on the basis of scholarship, research, and contributions to pediatric education.

During these difficult days of fiscal restraint and need for deficit cutting, we must all make sacrifices. Our organizations recognize this necessity. Our plea today is that this Congress will remember the infants and children of today, and perhaps more importantly, those of the future, as a population which cannot be forgotten. It is unfair to expect this Congress and the American people to decide which children will be helped and which children forgotten. It is even more unfair for Congress to decide to halt the revolutionary progress towards full and productive lives for all Americans.

Further, the members of our organizations realize that the worlds of politics and science are often in conflict over the future and direction of policies affecting biomedical research. Even in such conflict we should all agree that the goal of biomedical research is to improve the health of people. As pediatric researchers and educators we believe that improving the health of people begins with improving the chance of infants and children to be born healthy and to grow and develop into adulthood.

I RESEARCH

Congress and the American people have demonstrated support for continued biomedical research. No one will deny that the research advances in biological and medical sciences have led to the prevention and cure of countless previously intractable conditions. Congress has displayed an understanding of the need for such research and the wisdom to invest in the future through upholding financial support for such research, especially through the National Institutes of Health (NIH) and the Alcohol, Drug Abuse and Mental Health Administration (ADAMHA). Nonetheless, there has not been an increase in actual purchasing dollars for several years.

The statistics are available which attest to the value of the research. The survival rate of childhood cancer victims rose from five percent in 1962 to 57 percent in 1982, a span of only 20 years. Smallpox has been eradicated and polio has been arrested. Systematic vaccinations for diphtheria, whooping cough, tetanus, mumps, measles, rubella, and haemophilus meningitis have increased a child's opportunity to become a healthy adult. Diarrheal diseases and malnutrition are no longer an unavoidable threat to infant survivability. We now know that some victims of Sudden Infant Death Syndrome have subtle defects of a neurologic, cardiorespiratory and/or metabolic nature, which if detected early may be life-saving. Many childhood injuries are recognized as preventable. Genetic and biological research has greatly expanded our ability to understand the cause and help the 200,000 infants born each year with congenital abnormalities.

Research benefiting infants and children stands at an important crossroads. If we are farsighted, we can take advantage of recent developments and build upon them. We can continue to stride forward towards increasing our infants' survivability, ensuring treatment for children with cancer, reducing the risk of cancer (one out of every three babies born in 1985 will develop cancer during its lifetime), improving treatment for diabetes, arthritis, cystic fibrosis and other even more debilitating diseases, and providing hope for the families of the two million children who have severe mental disorders that require care. If we choose to hesitate, we will see children suffer.

For example, despite all of our medical and technological advances, the United States still has an unacceptably high infant mortality and morbidity rate, primarily due to premature and low birthweight babies. These babies account for 70 percent of neonatal deaths. These premature and low birthweight infants have the greatest struggle and face the highest chances of death or lifelong disability. Furthermore, the intensive care and hospital care alone for these babies cost $6.5 billion each year, not to mention the profound cost, both personal and societal, of the residual disabilities. Of those infants who survive, many suffer handicaps, such as mental retardation, cerebral palsy, seizures, learning disabilities, blindness and deafness. Unfortunately, these handicaps are usually non-reversible and the victim and the victim's family spend a lifetime coping with his or her life. Respiratory distress syndrome, characterized by lung immaturity and caused by an insufficiency of a substance, surfactant, which lines the airspaces and prevents lung collapse, is a common cause of illness of premature infants. Investigation is in process to determine if administration of this substance, which has been obtained from calves and may soon be available through genetic engineering techniques, may provide successful treatment of respiratory distress syndrome.

The National Institutes of Health supports research into all areas of pediatrics. Research for children is designed 1) to advance our knowledge of genetics, including how best to use that knowledge; 2) to investigate fetal development, pregnancy, birth, and infant morbidity and mortality; 3) to identify the prerequisites of optimal growth from infancy to adulthood; 4) to contribute to the prevention and treatment of critical problems for children such as cancer, respiratory diseases and disorders (i.e., allergies, asthma, and respiratory distress syndrome), infectious diseases, diabetes, mental retardation, and cardiovascular, pulmonary and blood diseases; and 5) to better understand the psycho-social attitudes of behavior, including those which endanger the health and safety of children.

Research for infants and children needs more than our moral support; it needs your financial support. Endowment funds and private donations provide significant pediatric research support in only a handful of institutions and those foundations which provide specialized pediatric research are relatively small. Congress must be cognizant of the fact that most pediatric research funds come from the federal government, namely the National Institutes of Health. However, in 1983, the National Institute of Child Health and Human Development allocated only 11 percent of their research project grants and 17.1 percent of their funds to pediatric departments for research involving infants and children; most the Institute's remaining funds went to maternal health and reproduction. Other Institutes contributing significantly to pediatric research include the National Institute of Allergy, Immunology, and Infectious Diseases (4.5 percent of its grants), the National Institute of Arthritis, Digestive and Metabolic Disease (3.1 percent of its grants), the National Heart and Lung Institute (3.2 percent of its grants) and the National Cancer Institute (1.4 percent of its grants).

The important role of the General Clinical Research Centers (GCRC) program of the Division of Research Resources within the portfolio of pediatric research must be noted and supported. Pediatric research places particular emphasis on clinical research providing the promise of direct benefit for infants and children. The GCRC program provides support for clinical research at 78 centers, 16 of which are devoted primarily, if not exclusively, to pediatric clinical research. As of 1983 pediatric research accounted for 30 percent of the GCRC program budget and 30 of the 100 graduates of the GCRC clinical associate physician program, a primary source for training physician investigators, have been pediatricians.

We feel that adequate provision for research training, both individual and institutional programs, is essential for the development of the next generation of basic science and clinical investigators. The recent 1985 report by the Institute of Medicine, "Personnel Needs and Training for Biomedical and Behavioral Research," assessed these training programs. This report reinforces the need for federal support of research training programs at a time when medical schools, colleges and universities are "encouraging" all departments to become revenue-producing through increased provision of health services rather than concentrating on non-revenue-oriented research. Physician investigators are being used more in the clinical setting providing health services. It is important to recognize the need for and value of physician investigators in basic research. Physicians are necessary to provide patient management whenever pediatric patients are being used in a research program; they are important in interpreting and applying knowledge gained through research to the practice setting; they are critical in identifying the direction of research and the needs of pediatric patients. The level and distribution of training funds supplied by the federal government should be maintained at a level which will achieve a stable and efficient system. Quality researchers are not produced in one year; a typical training program can last seven to ten years. Sharp variances from year-to-year will be disruptive. The Institute of Medicine report strongly urged that training positions not be decreased

The American Pediatric Society, the Association of Medical School Pediatric Department Chairmen, and the Society for Pediatric Research recommend for fiscal year 1987 that the funding for NIH reflect the need for program balance in order to accomplish the missions of the various Institutes, to support basic and applied research, and to train qualified investigators. To this end we join with the Ad Hoc Group for Medical Research Funding in recommending a 1.4 percent increase over the current services budget which would bring FY87 NIH funding to $6.079 billion.

When considering medical research programs, Congress should also remember the critical role the Alcohol, Drug Abuse and Mental Health Administration plays in furthering our knowledge of health problems today. This agency funds multi-faceted biomedical, behavioral and developmental research activities, attacks the increasingly serious problem of substance abuse, trains investigators, and assists the transfer of life-prolonging clinical knowledge and technology to the general public. To accomplish necessary growth for ADAMHA, our organizations support the recommendation of its colleagues through the Ad Hoc Group for Medical Research Funding of $465 million for fiscal year 1987.

While recognizing the significant accomplishments of federal support for pediatric research, it must be noted that approximately three percent of all NIH research grants and funds are awarded to pediatric departments. There is a compelling need for an in-depth study of research relevant to infants and children supported by federal agencies. This would provide a clear overall picture of what is being studied, where the gaps are, how the research is being translated into improved pediatric practice and improved child health, and where future pediatric research should be focused.

II PRIMARY CARE TRAINING

Primary care is the most cost-effective way of providing health care since it has the potential to reduce the need for expensive tertiary consultation and inpatient care. Most primary care pediatricians see patients on an ambulatory basis.

Unfortunately, primary care residency programs have enormous difficulty in obtaining the financial support they need to train primary care physicians. Traditionally, specialties with high levels of tertiary care and procedure-oriented, hospital-based practices have received disproportionate hospital, medical school and third-party payer support for residents. This is in large part because of the revenue generated from their procedure-oriented, inpatient services. Hospitals allocate more residency positions in those specialties which bring in needed revenue. Since training programs for the most cost-effective form of health care delivery -- primary care --cannot achieve even inadequate financial support, federal support is essential to allow quality primary care education to continue. Evidence is clear that the programs and trainees funded by grants under Title VII of the Public Health Service Act have been highly successful. Loss of grant support for primary care training programs could end with a reversal of many gains in physician distribution and could shift emphasis back to subspecialties.

Therefore, our organizations recommend that funding for Title VII, primary care training grants for general pediatrics and internal medicine be kept at the current level of $18.5 million.

Mr. Chairman, in summary, the American Pediatric Society, the Association of Medical School Pediatric Department Chairmen, and the Society for Pediatric Research wish to state once again that in spite of national concern over budget deficits and Congressional pledges to attack that deficit, there are some compromises which cannot be made. Expanding and improving health research programs for infants, children and adolescents and promoting primary care is not inconsistent with controlling health costs Supporting these programs simply increases the opportunity to need less financial commitment for future health problems as well as providing a healthy and encouraging outlook for future generations.

Senator WEICKER. I am delighted to have your testimony. It follows up on that of Dr. Kolb from St. Luke's Hospital in North Dakota who represented the American Pediatric Society also.

And he raised the question—I wonder if you would agree with him—he asked who it was in the Office of Management and Budget [OMB] that had the particular scientific expertise to create these cuts in the budget. As far as I have been able to ascertain, the answer I gave to Dr. Kolb, is that I do not believe there is anybody at OMB with qualifications such as your or his that made those cuts.

It would seem to me, in a sophisticated a Nation as this, that at least if cuts were going to be made, they would be made on the basis of substance rather than to just go across the board.

Dr. GENEL. And I would hope that if they were made, they were made on the basis of the long range implications and not the short-term implications, which is what scares me.

We are likely to lose a cadre of the brightest of our young physicians because the climate is such that it discourages them from investing their future in our Nation's future. And I think that is a very disturbing prospect and I think a disastrous potential impact of Gramm-Rudman-Hollings.

Senator WEICKER. The other point, you mentioned the low birth weight babies and, again since I know this was very active—I do not know still how active it is—but as you know there was a very sound ongoing system of community health centers which gave that prenatal care which was so necessary to the expectant mothers.

Whereas, as I understand—I could be wrong—at least in many of our cities today, the first time a doctor ever sees the patient is when they get wheeled in labor, without having any prenatal care whatsoever.

And am I correct that the cost of that prenatal care is infinitesimal compared to the cost of taking care of that low birth weight baby?

Dr. GENEL. The amount of—if we are concerned about savings, the amount of money that we could save by providing the bare minimum of prenatal care is astounding in terms of the investment that can be made. The logical place for this is in our community health centers, possibly at our schools although as you know there is some controversy about utilizing the schools at this level.

But the consequences in terms of savings of lives, savings of suffering, and savings of dollars—I think that may be even the least important—is immense.

Senator WEICKER. I thank you for your testimony and it is a great pleasure to have you here and good luck.

Dr. GENEL. Thank you.

STATEMENT OF DR. ROY SCHWARZ, ASSISTANT EXECUTIVE VICE PRESIDENT, AMERICAN MEDICAL ASSOCIATION

Senator WEICKER. Our next witness is Dr. Roy Schwarz, the assistant executive vice president of the American Medical Association [AMA].

Dr. SCHWARZ. Good morning, Mr. Chairman. Thank you for the opportunity of testifying.

I am Roy Schwarz. I am responsible for medical education and science at the AMA. I would like to congratulate you on your victory of restoring some of those funds. You can expect our support as that wends its way through the process.

The——

Senator WEICKER. Can I stop you there, for a minute?

Dr. SCHWARZ. Sure.

Senator WEICKER. I want to raise the point here. I think just as Elizabeth Taylor obviously exerts an influence when it comes to drawing public attention to these matters, so I think the American Medical Association—in terms of its prestige—can do the same.

And I want to say something now that is not necessarily based on scientific fact, but my instincts are pretty good as to politics. First of all, I do not think there is any community of professionals in the United States that has more credibility than doctors. They have enormous credibility within their communities.

I would also say that most doctors in the United States do fairly well, financially, and I am not necessary saying those in the academic profession but those that are practicing do fairly well. I dare say more than a few are Republicans and maybe even more than a few are conservatively oriented.

Having said all that, I get back to the point of credibility. I sit here, as a Republican—and I am proud of my political party. But I have got to say to you that over the course of the last several years, I have not been very proud of the budget that relates to education and science, that has been presented by a Republican administration. And I am perfectly willing to speak out on that account and, I might add, take my demerits for it.

I think the time has come for the American medical profession, which has this enormous well of credibility among the American people, to stand up to that and say, as a unit, and say to their patients and say to their communities, this set of priorities is just plain wrong. And the only way you right the set of priorities is to kick the guys out that do not want to spend the money on science, on medicine, and on education. And elect the ones that do.

I do not give a damn whether they are Republicans, Democrats, or whoever they are. It makes no difference to me, whatsoever. This is the absolute craziest situation I have ever seen, in terms of the dollars spent by this greatest of all nations, in terms of what it can achieve.

And I do not think I can get that message across half as well as your membership. And boy, I think you ought to go out there in full page ads and start saying it again and again, so the American people know not only what is being lost—as Dr. Genel said—in terms of human suffering, but in terms of dollars, what this is costing the American people.

Dr. SCHWARZ. Senator, I could not agree with you more. That is why we are here. You have not seen us here for a number of years, and that is the message that we put out, full page ad in the Wall Street Journal, enough is enough. And why is it enough? There are 140 odd associations that joined us, including the Association of Retired Persons, the American Hospital Association and the Nurses, all saying enough is enough.

Priorities are inappropriate. We are being asked to suffer indiscriminate and disproportionate shares of reductions and we are not going to stand still for it.

Senator WEICKER. Good for you. And as I said before—this does not count against your time, but I hope you will take that message back and I hope every one of your membership will start talking, as I say, to their patients.

As I recall, there have been many movements in this country that were started by virtue of doctors, because of the credibility that they have and the dedication to humanity. And I think the time has come now for that community to raise its voice.

Dr. SCHWARZ. And there ought to be a few more that we start.

Very quickly then, the administration's fiscal year 1987 budget request for the Public Health Service, as you know, represents a decrease of over $1 billion from the fiscal year 1986 appropriation.

We recognize the significant problems caused by our huge Federal budget deficit. Again, however, the Administration has targeted health programs for a disproportionate share of the budget cuts. Moreover, the President is proposing major increases in the defense budget and has not proposed any cuts in certain areas, such as Social Security.

We believe that all segments of the Federal budget must contribute to the savings required so that highly meritorious programs can receive adequate levels of funding. The association, therefore, makes the following recommendations.

With regard to the National Institutes of Health, we strongly support adequate funding for this body and we want it to be able to keep pace with important research priorities. The administration's budget proposal represents a shortsighted retreat from the Federal Government's strong commitment to biomedical research.

The level of funding proposed, $417 million less than the fiscal year 1986 appropriation, would seriously impair the ability of NIH to attract new investigators and keep pace with important research priorities.

With so many breakthroughs tantalizingly beckoning to us in the foreseeable future we, in a sense, would be—as a prominent American has said—we would be eating our seed corn to not forge ahead vigorously.

We urge you to do what you can, and we know you will, to assure an appropriation of sufficient funds for NIH, to continue to provide a stable environment for long-term research.

With regard to the Centers for Disease Control, the association believes that the administration's budget request for the centers does not provide adequate funding for their important public health programs, including vaccine stockpiles.

We believe strongly that Congress should fund CDC's programs at levels that ensure that the agency can continue to fulfill its vital public health mission.

Funds should also be provided to build up the Nation's vaccine stockpiles to meet possible shortages, some of which may be closer to us than many people realize.

With regard to the Alcohol, Drug Abuse, and Mental Health Administration, we are concerned again that the levels of funding proposed by the administration is inadequate. We are particularly concerned over the large cuts proposed in the National Institutes of Mental Health [NIMH], given the epidemics of disability we currently face. These cuts would have severe adverse effects on its programs.

With regard to the Food and Drug Administration [FDA], we believe strongly that adequate funding is essential for this administration in order to ensure that drugs and medical devices are approved in a timely manner.

The key issue raised by the President's budget for the FDA is whether user's fees are appropriate and, if so, whether FDA will be allowed to use them for its mission. The AMA is concerned that in the absence of such fees, the FDA would have no option but to slow down the approval of new drugs. Any user fees which are required, must be available solely for the FDA to strengthen its resources, including adequate personnel, to provide for timely completion of new drug review process.

The AMA is also concerned that the President's budget request for AIDS research in the Office of the Assistant Secretary for Health is inadequate. We support the testimony you have heard this morning, that an increase in funding for AIDS research is necessary because of significant public health risks posed by that disease. It would be shortsighted, in the extreme, to curtail those efforts that have brought such significant progress in AIDS research in such a short time.

Increased funding is also needed for important activities of the Office on Smoking and Health, in its effort to curtail and eventually eliminate that disorder.

In conclusion, Mr. Chairman, the AMA strongly believes that the NIH, CDC, and other PHS agencies provide vitally important public health services. We are very concerned over the impact of the public health of the administration's proposed cuts in the PHS programs. We urge Congress to provide adequate funding for these important questions.

We appreciate the opportunity to testify, and we once again commend you for your long and sometimes lonely battle on our behalf.

PREPARED STATEMENT

Senator WEICKER. Thank you very much, Dr. Schwarz. I appreciate your testimony. Thank you for your help.

[The statement follows:]

STATEMENT OF DR. ROY SCHWARZ

My name is M. Roy Schwarz, M.D., and I am Assistant Executive Vice President of the American Medical Association. The AMA is pleased to testify today concerning fiscal year (FY) 1987 appropriations for discretionary health programs under the Public Health Service.

Public Health Service

The Administration's FY87 budget request for the Public Health Service is almost $9 billion. This amount represents a decrease of over $1 billion from the FY86 appropriation.

The AMA recognizes the significant problems caused by huge federal budget deficits. However, the Administration has again targeted health programs for a disproportionate share of budget cuts. Moreover, the President is proposing major increases in the defense budget and has not proposed any cuts in certain areas such as Social Security. We believe that all segments of the federal budget must contribute to the savings required so that then highly meritorious programs can receive adequate levels of funding. The Association makes the following specific recommendations.

National Institutes of Health

The Administration's FY87 budget request for the NIH is $4.9 billion. This amount is $417 million less than the FY86 appropriation. The budget proposes to support 18,000 research project grants, of which 12,860 will be continuations and only 5,140 will be new and competing awards. In FY86, Congress mandated 6,100 new and competing grants.

The AMA has a long history of support for the NIH. The NIH is a unique national resource of which all persons in this country can and should be proud. Its scientific stature and research contributions are unparalled in the annals of human history.

The AMA strongly supports adequate funding for the NIH to enable it to keep pace with important research priorities. It is through the investment in fundamental research today that future scientific and medical breakthroughs that improve health and well being are possible, to say nothing of the future economic gains that many breakthroughs portend.

The Administration's budget proposal represents a short-sighted retreat from the federal government's strong commitment to biomedical research. The level of funding proposed would seriously impair the ability of NIH to attract new investigators and keep pace with important research priorities. It could also have a long term adverse effect on the public health. Of particular concern is the proposed reduction in the number of new and competing research grants. With so many major breakthroughs tantalizingly beckoning to us in the forseeable future, we in a sense would be "eating our seed corn" to not forge ahead vigorously.

We urge Congress to appropriate sufficient funds for the NIH to enable the agency to continue to provide a stable environment for long-term research.

Centers for Disease Control

The Administration's budget request for the (CDC) is $380 million, $27 million less than the FY86 appropriation. The request includes no funds for the vaccine stockpile at the time we are potentially facing the most serious shortage of vaccines we have seen in recent decades.

The AMA opposes the Administration's budget request for CDC. The budget request does not provide adequate funding for CDC's important public health programs which include the immunization program, the epidemic services program and the infectious diseases program. Congress should fund CDC's programs at a level that ensures that the agency can continue to fulfill its vital public health mission.

Alcohol, Drug Abuse and Mental Health Administration

The FY87 budget request for the Alcohol, Drug Abuse and Mental Health Administration (ADAMHA) is $928 million. This amount constitutes a $72 million decrease from the FY 86 appropriation.

The AMA believes that the level of funding proposed by the Administration for ADAMHA is inadequate. Such a level of funding would hinder the agency from conducting important research into the prevention, treatment and underlying causes of alcoholism, drug abuse and mental illness. We are particularly concerned over the large cuts proposed in the National Institute of Mental Health given the epidemics of disability we currently face. These cuts would have a severe adverse effect on its programs. We urge Congress to provide adequate funding for ADAMHA.

Food and Drug Administration

The Administration is requesting $450 million for the Food and Drug Administration (FDA) in FY87, an increase of $28 million over the FY86 appropriation. However, the request includes $26 million in user fee collections from manufacturers. The FDA does not currently collect user fees.

The AMA believes strongly that adequate funding is essential for the FDA in order that drugs and medical devices are approved in a timely manner. Since 1981, the FDA has had a steady reduction in budget and personnel. The key issue raised by the President's budget is whether user fees are appropriate and if so, whether FDA will be allowed to use them for its mission. Given existing budgetary constraints, the AMA is concerned that in the absence of such fees the FDA will have no option but to slowdown the approval of new drugs. Any user fees which are required must be available solely for the FDA to strengthen its resources, including adequate personnel, to provide for timely completion of the new drug review process. It is critical to quality patient care that beneficial drugs be available at the earliest possible time.

Office of the Assistant Secretary for Health

The FY87 budget request for research and prevention activities related to Acquired Immunodeficiency Syndrome is $203 million (plus an additional $10 million contained in the FDA budget). The amount is $31 million less than the FY86 appropriation of $234 million at a time when the epidemic continues unabated with 20,000 cases reported. The budget also includes $3 million for the Office on Smoking and Health, the same amount as in FY86.

The AMA believes the President's budget request for AIDS research and prevention activities is inadequate. An increase in funding for AIDS research is necessary because of the significant public health risk posed by the disease. It would be short sighted in the extreme, to curtail the efforts that have brought such significant progress in AIDS research in such a short time. Increased funding is also needed for the important activities of the Office on Smoking and Health in its efforts to curtail and eventually eliminate smoking.

Conclusion

The AMA believes strongly that the NIH, CDC and other PHS agencies provide vitally important public health services. We are very concerned over the impact on the public health of the Administration's proposed cuts in PHS programs. We urge Congress to provide adequate funding for these important health programs.

STATEMENT OF M.W. BUD PERRINE, PROFESSOR OF PUBLIC HEALTH AND SOCIOMEDICAL SCIENCES, BOSTON UNIVERSITY SCHOOL OF PUBLIC HEALTH AND SCHOOL OF MEDICINE

Senator WEICKER. Next, we have Dr. Bud Perrine of the Boston University Schools of Medicine and Public Health, a professor of public health. Dr. Perrine.

Mr. PERRINE. Mr. Chairman, thank you. I would like to make one correction for the record. I prefer the pronunciation P-e-r-r-i-n-e, which rhymes with porcupine. That is a personal matter.

Senator WEICKER. It is a very important matter. There is nothing worse than people who can't pronounce your name. I have told the story many times that when I first ran for a Federal office, for the House of Representatives, we spent our entire advertising campaign with the slogan "I'm a Weicker Liker," just so people would learn how to pronounce my name. On the last day of the campaign, Nelson Rockefeller came in to give a speech on my behalf in Connecticut, and not once, not twice, but about five times, he kept referring to his good friend, Lower Wicker. There went the advertising campaign.

Dr. Perrine, it is nice to have you with us today.

Mr. PERRINE. Thank you, sir.

My testimony has been submitted to your office. It is a bit long. I apologize. I won't even attempt to summarize it here. After I presented essentially the same testimony to the counterpart subcommittee in the House, I had the good fortune of riding back to Vermont on a plane with my old friend, Senator Pat Leahy, and I asked Pat if he could give me a few tips on how I should present myself this morning. He said, "forget all the statistics, forget all the grass, just summarize your one main point and get off before the red light goes on." I thanked him very much.

Actually, Pat and I have been working on the drunk driving problem since he was a young prosecuting attorney in Chittenden County in Vermont and I was a young assistant professor at the University of Vermont. I am still working on the drunk driving problem and he is doing other things here, as you know. Of course, he is a member of the Senate Appropriations Committee.

I would like to use the very brief time to focus attention on a problem which is not new. It is not sensational. Because it has been with us for so long, it needs attention. That is the problem of drunken driving. It comes under the general rubric of alcohol abuse and alcoholism.

We lose every year not by speculation but by actual fact, 100,000 Americans due to alcohol abuse and alcoholism. That is just to humanize the statistics. That is about the size of the city in which I grew up, New Haven, CT. If we lost that population every year, that is equivalent to what we are losing, through the use of this voluntary drug, alcohol, which others of us, of course, use and enjoy, or use to celebrate or toast with, whatever.

One-quarter of that loss, 250,000 Americans, are lost on the highways because of alcohol involved crashes. That is a shockingly large number for a problem which is due to voluntary behavior, voluntary drinking of a legally available beverage.

What can we do about that? One, we attempt to make it an issue with the public. This is very difficult to do. If we looked in terms of the random violence involved in a crash due to a drunken driver, take a contemporary topic, for example, terrorism, and this problem has received a lot of press lately and a lot of attention by the Government and a lot of attention recently at the Economics Summit in Japan; last year, according to Senator Leahy, we lost 26 Americans through acts of terrorism, they were killed. Last year, we lost 25,000 Americans because of alcohol involved crashes.

Many individuals assume that most of those killed in alcohol involved crashes are the drivers themselves who have been drinking and in some sense they were asking for it.

Let me point out that only one-half of the drivers who are legally impaired are the ones who are killed. About 4,000 innocent victims who happen to be at the wrong place at the wrong time were killed by drunken drivers. That is very similar to those Americans who were killed because they were in the wrong place at the wrong time and were killed in a terrorist attack. Random violence, random death.

One hundred and fifty times more Americans died as innocent victims because they were at the wrong place at the wrong time last year than through acts of terrorism.

We are making progress on the problem of drunken driving. Since 1980, there has been a reduction of about 14 percent in the number of legally impaired drunken drivers who are fatally injured in crashes.

This is the wrong time to cut off research on that very problem which is taking lives every day that we are here. The increase necessary in the budget which your subcommittee has been so instrumental in through the National Institute on Alcohol Abuse and Alcoholism [NIAAA], is contributing to the reduction in these losses. We would urge you to continue your long term efforts to help restore to these budgets that which represents in comparative terms just a few F–16 fighters or two Pershing II missiles or the whole NIAAA budget, National Institute on Alcoholism and Alcohol Abuse budget. It is slightly less than one MX missile.

It is my understanding from Senator Leahy's office that the Department of Defense has in its fiscal year 1987 budget, 216 F–16 fighters, 1,000 Pershing II missiles, and 26 MX missiles. To pick up on the point you made earlier, Senator, I wonder where our priorities are.

PREPARED STATEMENT

Thank you very much.

[The statement follows:]

STATEMENT OF M.W. BUD PERRINE

My testimony today is being presented in support of research on alcohol abuse and alcoholism. I appear before this Subcommittee as a university professor and as a scientist who has specialized in alcohol studies for almost twenty years. I am currently Professor of Public Health and Professor of Socio-Medical Sciences at Boston University Schools of Medicine and Public Health. My training is in the area of experimental social psychology. A more detailed summary of my relevant background is submitted as an attachment to my testimony, for inclusion in the Record.

MAIN POINTS

In the course of my brief testimony, I would like to discuss the following five points.

1. Alcohol abuse represents an enormous social and economic cost to our nation, with a loss of nearly 100,000 lives and a cost of more than $116 billion each year.
2. Drunken driving is a major public health problem, one that can hit any one of us personally whenever we use the highways and sidewalks anywhere in our nation.
3. Research on drunken drivers is beginning to make progress, but slowly, due to the extraordinary complexity of the problem which is embedded in two of our most frequent activities: driving and drinking.
4. Due to the great complexity of this real-world problem, quality research is expensive, but we need a higher--not lower--level of funding to continue progress and to develop effective means for targeting future prevention.
5. The costs of research on this major public health problem are extremely small relative to the potential savings in lives, suffering, and dollars, especially when compared to the costs of some other federal activities, many of which do not have a similar potential for such savings.

DISCUSSION

1. Alcohol abuse costs this nation dearly. The annual loss of about 100,000 lives represents losing the equivalent each year of almost all the residents of a medium-size city, such as New Haven, Connecticut. It also costs us more than $116 billion each year; if those dollars could be saved and aggregated, we would not need a Gramm-Rudman-Hollings Bill to fight the national deficit. And all this damage is due not to a natural disaster, war, or plague; rather, it stems from the behavior of ordinary citizens who voluntarily drink beverage alcohol (such as beer, wine, and liquor), legally and readily available throughout our nation in such respectable establishments as supermarkets, drugstores, restaurants, and hotels.

The prevalence of drinking, as well as the legality of beverage alcohol and its contribution as a source of tax revenues, raises a number of important questions. For example, what role does beverage alcohol play in our society, and what are the trade-offs involved in its use and abuse? What if beverage alcohol had not been used traditionally since prehistory, but rather had been introduced in the United States for the first time by the hippies and flower children of the 1960s; would it be legally and broadly available today? What is it about beverage alcohol that means gracious pleasure, relaxation, and celebration to so many of us, but brings disease, suffering, and even death to millions of other Americans--many of them innocent bystanders or long-suffering victims?

We need to know much more specifically about the actions of alcohol on the body, on the mind, and on behavior to begin developing and implementing effective and selective prevention measures that will permit the continued voluntary pleasures for so many, yet will avoid the consequent misery for others. To these ends, scientific inquiry and research are absolutely necessary; and the National Institute on Alcohol Abuse and Alcoholism is the specific federal agency officially charged with that mission (among others) when it was established just fifteen years ago.

2. Drunken driving is a major public health problem. Recently, for personal reasons, I visited the Vietnam War Memorial for the first time. I was very deeply touched by the sombre simplicity of this eloquent monument to the American men and women who died during the many years of the Vietnam War, numbering almost 57,000. Afterwards, I wondered if those who died in highway crashes would ever have any kind of memorial; they number almost 50,000 each year. That is comparable to losing everyone living in a small city about the size of Harlingen, Texas. And approximately half of these, or 25,000 deaths, result from alcohol-involved crashes. That is comparable to losing everyone living in a community about the size of Chevy Chase, Maryland, each year.

Each day, 75 Americans are killed in alcohol-involved highway crashes. That is comparable to 365 major airline crashes each year. And if even 1 such airline crash could be linked unequivocally to terrorist actions by, say, Libyan nationals, what would be the international consequences at this point in our history? By contrast, how much federal attention is focused on the American deaths due to alcohol-involved highway crashes? I have not chosen the terrorism analogy to be sensational, but rather to use a timely problem of great national concern and one that has at least one element in common with alcohol-involved fatal crashes: random violence and death.

What categories of individuals die in alcohol-involved highway crashes? Only 52% are the alcohol-impaired drivers themselves, and another 11% are drinking pedestrians. Of the remaining victims, 20% are passengers in the drinking driver's vehicle, whereas 17% are passengers, drivers, or non-drinking pedestrians who were not in the drinking driver's vehicle. Thus, over 4,000 innocent victims are killed in alcohol-involved highway crashes every year, with another 5,000 victims killed because they were in the drinking driver's vehicle at the time of the crash. In terms of 4,000 innocent victims, then, that is roughly comparable to losing the Boston Celtics starters and their backups or the offensive team of the Dallas Cowboys every day because of being killed by drunken drivers. But the point of these collective examples is that any one of us here in this room or anywhere else in this nation could be killed by the random violence of a drunken driver crashing into us as we innocently use the highways or sidewalks throughout America.

The random violence of international terrorism is relatively new and is especially frightening because of its unpredictability. By contrast, the random violence through which thousands of innocent Americans are killed by drunken drivers each year is not new to us, but it is nevertheless relatively unpredictable. Have we simply adapted to having such deaths as part of the cost of using our highways and sidewalks because we have lived with this slow day-by-day loss for as long as we can remember? Do we shrug collectively and accept the deaths of these innocent victims as being the inevitable result of highway "accidents" which could be anyone's misfortune or bad luck?

Some of the researchers and policymakers concerned with drunken drivers and public health do not share the views in these rhetorical questions. Let me briefly outline the most important assumptions underlying a new programmatic line of research aimed at reducing the magnitude of the drunken driving problem. These basic premises are presented sequentially below, proceeding from the more general to the more specific:

a. Highway crashes constitute one of our largest public health problems in terms of annual losses, both human (44,600 deaths and 1,600,000 disabling injuries in 1983) and economic ($43.3 billion in 1983).

b. All crashes are not "accidents," i.e., are not random events. Certain factors are overrepresented in crashes;

an understanding of these factors should lead to increased predictability and control.

c. Alcohol is involved in approximately 50% of fatal crashes; the more violent the crash, the more probable that alcohol was in fact involved--and the more probable that it was involved at high blood alcohol concentrations.

d. Many motorists drive after drinking, but only a very small proportion of them become involved in a crash. The fact that crashes are relatively rare events statistically is not a sufficient explanation.

e. Many of the differences between those motorists who drink and then crash and those who drink but do not crash are probably systematic and measurable.

f. Further, many of the differences between motorists who drive after no drinking, after moderate drinking, and after heavy drinking are also probably systematic and measurable.

g. These systematic differences should be specifiable in terms of "predisposing factors" or predictor variables in demographic, drinking pattern, driving history, life event, attitude, and personality domains.

h. The relevant populations and subpopulations at risk should be differentailly describable in terms of these predictor (or independent) variables.

i. By determining the relevant systematic differences in predictor/independent variables, it should also by possible to estimate a given driver's level of risk for an alcohol crash.

j. These individual risk levels should in turn be useful for developing more customized prevention, treatment, and sanction measures. They should be especially useful for the early identification, diagnosis, and referral of high-risk drinking drivers, as well as for predicting recidivism and alcohol program compliance and completion for those convicted of drunken driving.

The problem is exceedingly complex. It cannot be solved with slogans (for example, "Friends don't let friends drive drunk", "Stop drunk driving", etc.). It cannot be solved by the prohibition of alcohol, as in the Great Experiment. Thus, our only hope is based on achieving the three goals of science: increased *understanding* of the phenomenon, leading to increased *prediction* regarding the phenomenon, leading in turn to increased *control* of the problem. The key to understanding, the first link in this chain, is quality research focused on drinking drivers.

3. *Research on drunken driving is making progress*. However, the rate has been quite slow due in part to the extraordinary complexity of the phenomena and in part to the lack of predictable research funding that would in turn facilitate a coordinated systematic approach to the problem. Let me address the complexity issue here, and postpone consideration of the funding issue to the next point.

Almost every American uses the highways, either as a driver or as a passenger. Most of us also use the sidewalks or roadsides. Just in terms of the sheer number of drivers in America, the magnitude and complexity of this problem area are overwhelming. And the vast majority of Americans also drink alcoholic beverages. And a large proportion of Americans drive after drinking, some after 1 or 2 drinks, some after 5 or 6 drinks, and some after 10, 20, or 30 drinks. Thus, there are an enormous number of possibly relevant variables and contributing factors in this problem area.

We have already determined age differences; for example, alcohol-involved crashes are the leading cause of death for teenagers (ages 15-19); and when alcohol is involved, the fatal crash rate of young drivers is three times that of older drivers. Thus, experience with driving, experience with drinking, and experience with driving after drinking are all possible components in understanding such age differences. Other factors possible associated with different crash rates among drinking drivers might well be differences in attitudes, differences in personality, differential sensitivity to alcohol actions on behavior, as well as even genetic predispositions to be able to tolerate alcohol effects. Recent research on some of these variables has been useful in differentiating among broad types of drinking drivers. Thus, there is ample reason to believe that further research along these lines will be productive in further refinement and differentiation among high-risk versus medium-risk versus low-risk drinking drivers.

4. *The great complexity of research on this real-world problem of drunken driving causes it to be costly*. However, we need a *higher* not a lower level of funding to assure continued progress and to develop effective means for selectively targeted prevention. The complex object of study is embedded in two of our most frequent activities, namely, driving and drinking. Valid conclusions about the interaction between these two frequent activities cannot be obtained by studying them in isolation or just in the laboratory. Rather, it is necessary to go out of the university, to go out into the field, to observe and inteview drinking drivers, and to work with the police and others involved with this problem in the real world.

The contributing factors and significant variables must be teased out painstakingly from the complexity of the whole problem. Furthermore, the more complex the phenomenon, the larger the number of subjects needed for adequate differentiation and for statistical significance. Field research that begins to address a major public health problem of this magnitude is much more costly than laboratory research on isolated variables (for example, alcohol effects upon skilled performance such as reaction time on a psychomotor task). Any attempt to force *cost containment* on such field research would therefore be both stifling and counterproductive. Ultimately, the nature of the problem drives the nature of the research -- and that should in turn determine the nature of the costs.

For example, my current research grant from NIAAA is concerned with drinking drivers and is relatively expensive at approximately $432,000 this year (namely, $237,000 for direct costs, and $195,000 for indirect costs). However, the current year of study involves conducting 90-minute interviews with almost 3,000 drivers including the full spectrum of drinkers. Using the total of all direct costs, that means an average cost of only about $80 per interviewed driver just for data collection. Or, in terms that many of our drunken driver respondents would understand, that cost per interviewed driver is comparable to 20 six-packs of beer, less than a one-week supply for some of our respondents. But, expensive as my type of field research may seem, it should be emphasized that both the research design and the budget were reviewed and highly recommended by the Initial Review Group (a committee of selected peer experts in this field) and were approved by the National Advisory Council of the NIAAA. These checks and balances of the grant process are crucial elements in fostering high quality creative research.[1]

If the FY 1987 research appropriation for the NIAAA is not increased as recommended by the Professional Judgment Budget, but rather is decreased as in the President's request, then the funds available for real-world field studies concerning drinking and driving will not be adequate to support meaningful research on this problem. If the appropriation is as restricted as in the President's request, then the already small number of grants and specialists in this important public health research area would diminish further. Unfortunately, there are currently so few really dedicated and talented scientists in this area that we cannot afford to lose any at all. On the contrary, we desperately need to attract more new research talent to the alcohol abuse area in general and the drinking-and-driving area in particular. Indeed, because of the life-and-death significance of this public health problem, we need to attract some of the very best new scientific talent to alcohol research.

To provide research continuity and program predictability, we must resist cutting the NIAAA research appropriation in subsequent years. For example, we have experienced a 10% cut in our approved grant budgets last year and a further 4% cut this year; we face a possible 25% cut next year. With a cumulative reduction of almost 40% in our research budgets, it will become impossible to conduct the studies and analyze the data as scheduled and as necessary. Such massive cuts also cause staffing problems through reductions and uncertainties. But the main point is that, rather than reducing, we should be building; and we should be training new researchers in this crucial pubic health problem area.

Consequently, I strongly support the Professional Judgment Budget for the FY 1987 NIAAA appropriation and thus oppose the counterparts in the President's budget. Among other effects, adoption of the reduced appropriation as recommended in the President's budget would permit the funding of only 74 new and competing grants, which is 26 fewer than the level of 100 appropriated by the Congress in FY 1985 and FY 1986; it would also require 16% cuts in the average costs of the new and competing grants. In the process, it would greatly reduce the flexibility the NIAAA needs in funding grants of varying magnitudes of cost and would lead us further toward the philosophy of cost containment, which under the President's request, would allow for an average annual total of only $124,000 per grant for both direct and indirect costs.

Two important points must be made in this regard. First, the policy of stabilizing the total number of grants, as proposed in the President's FY 1987 budget, actually has a destabilizing effect on the number of new and competing grants because the increase in the number of continuation grants will automatically reduce the number of new and competing grants. The reason for this relationship is not obvious; it stems from the fact that from year to year, the number of new and competing grants available will vary as a function of the total number of continuation grants that the NIAAA is previously committed to funding in the subsequent years of multi-year grants.

Second, the policy of taking an average cost for a new or competing grant based upon the historical level and then providing a small increase to rise up to a new average cost in effect creates a short-fall. The reason for this apparent paradox is that the historical level for NIAAA specifically (but for all national research institutes in general) has been substantially below the level approved by the National Advisory Council. In 1985, the average grant cost was $114,000 at NIAAA and that was 7% below the Council-approved level. With the increase provided by the President's FY 1987 budget, the average cost would rise to $124,000, but that is approximately the amount that Council actually approved back in 1985. Therefore, in FY 1987, the NIAAA average grant cost would be at approximately the cost level it should have been at back in 1985. A further drawback to applying an average grant cost at that level is that the NIAAA would then not be able to change directions and/or to fund research grants that were more expensive due either to the quality of the research or to the area in which the research is being done. The reason it would not be able to do so is because the NIAAA would be locked in to an average cost at the low level projected in the President's budget.

The FY 1987 recommendation in the Professional Judgement Budget for alcohol research is $72,037,000. This proposal stands in contrast to the President's FY 1987 request of $56,618,000 for alcohol research. If adopted, the proposed Professional Judgement Budget would provide a 15% increase in the number of research grants supported by the NIAAA. If adopted, this proposal should also be followed by scheduled increases of approximaely the same magnitude (15%) each year through 1990 in order to facilite the necessary and appropriate growth in the number of grants funded annually. This proposal would also provide for awarding 116 new and competing grants (rather than 74) at levels recommended by the peer review committees (the so-called, Initial Review Groups). Further, this proposal would also provide adequate funds to allow at least a small number of grants to be awarded with a larger average annual cost so that some of the important, but more costly projects could in fact be undertaken in the future.

As an active member of the American Psychological Association, I also strongly urge support for the recommended appropriations of $272,000,000 for the National Institute on Mental Health and $90,000,000 for the National Institute on Drug Abuse, as well as support for the 1987 Coalition of Bio-medical Research Support.

5. In conclusion, the costs of research on drunken driving and other alcohol abuse are extremely small relative to the potential savings in lives, suffering, and dollars, especially when compared to the costs of other federal expenditures, many of which do not have a similiar potential for such savings. In view of the increased competition for decreasing federal funds, some criteria should be available to aid in reaching rational decisions on the relative priorities for appropriations. We submit that the potential number of American lives saved, the number of injuries prevented, and the number of dollars spared are very compelling criteria for this purpose. Research on alcohol abuse in general and on drinking and driving in particular clearly meet these criteria. The potential for such savings in this major public health problem area is enormous.

One cannot help being struck by the juxtaposition of the costs for military equipment, which may or may not have potential for saving American lives, and the costs for research on alcohol abuse and alcoholism -- from which 100,000 Americans are actually dying each year. For example, one need only think of the relative costs of an F16 fighter plane at $18,000,000 each, a Pershing II missile at $32,000,000 each, or an MX missile at

$87,000,000 each in comparison to the total annual budget request for research on alcohol abuse and alcoholism of approximately $70,000,000. I understand from my Senator's office that the Department of Defense budget requests 216 F-16 fighter planes, 1,000 Pershing II missiles, and 21 MX missiles for FY 1987.

We should remember to keep in perspective that alcohol abuse is currently costing America nearly 100,000 lives each year, that about 25,000 of these deaths occur in alcohol-related highway crashes, and that of these latter, over 4,000 innocent Americans like you and me are killed each year in these alcohol-involved highway crashes. The significance of this annual loss is relative, depending upon whether one reckons in the mega-dead of wars or in the recent departure of a loved one. But by any scale, this loss and its cause clearly represent a major public health problem in a civilized society. Can we afford not to seek solutions through increasingly accurate knowledge and understanding of the exact role of alcohol?

FOOTNOTE

[1] The major alternative to the research grant is the research contract, as used by numerous federal agencies: in the area of alcohol and traffic safety, for example, it is used by the National Highway Traffic Safety Administration of the Department of Transportation. To obtain a research contract from a federal agency, the potential investigator simply submits a detailed work plan describing how he would conduct a study of the very specific topic specified in a "Request for Proposal" prepared and announced by the agency (a topic usually conceived and structured by one or two bureaucrats) and how much it would cost if he were to do so. The major weaknesses in this contract approach are: (1) the problem to be investigated is determined and phrased by a federal bureaucrat who may or may not have adequate research experience to structure such problems meaningfully; (2) the responses submitted to the federal agency by potential investigators -- or "bidders" -- are reviewed by

this same bureaucrat, plus perhaps a few other bureaucrats in the same office; (3) worst of all, after the submitted proposals have been reviewed for research merit, the final decision on which of the surviving proposals will actually be awarded the contract is made by some accountant simply on the basis of the lowest bid to do the research, i.e., the cheapest study possible among those available for consideration. There is no question that such a research contract will cost the federal government less money that a grant (all other things equal), but there is also no question that the creativity and quality of the contracted research and its findings will be much more limited. (If requested, I could provide numerous examples of differences between grant and contract research in this drunken driving problem area.)

The research grant process actually fosters scientific creativity through encouraging open competition of ideas and thus free enterprise. As such, the grant mechanism provides strong support for academic freedom. This feature of scientific enterprise in America is truly unique in the world, especially based upon my own research experience in Germany and in England. By contrast, the research contract stifles creativity by the individual scientist who must respond to a very specific problem as structured by some nameless/faceless bureaucrat. Further, the contract process allows a great amount of government control and intrusion into the research process, which further reduces free enterprise and constrains academic freedom.

BIOGRAPHY OF M.W. BUD PERRINE

A brief outline of my relevant background in this area might provide a useful basis for evaluating my testimony. I am currently Professor of Public Health and Professor of Socio-Medical Sciences at Boston University Schools of Medicine and Public Health. My training is in the area of experimental social psychology and my degrees are in psychology (B.A. from the University of Connecticut, Ph.D. from Princeton University).

In 1968, I began my first alcohol research project as a young Assistant Professor at the University of Vermont. That project was primarily concerned with the role of alcohol in highway safety in terms of the behavioral and medical aspects involved. It was funded by the National Highway Traffic Safety Administration of the U.S. Department of Transportation. The results of that award-winning research have played a significant role in the design of subsequent investigations nationwide, as well as in the conceptualization and design of major countermeasures against drunken driving undertaken by the Department of Transportation, namely, the Alcohol Safety Action Program (ASAP) of the early 1970s. In fact, I was invited to be one of the major architects of the ASAP, which, under Congressional mandate, funded multi-year drunken driving countermeasure projects in 35 states and municipalities throughout the United States.

During the late 1960s and early 1970s, I conducted numerous studies on alcohol impairment of skilled performance (such as driving, flying, etc.) by means of controlled alcohol-dosage experiments, both in the laboratory and in instrumented cars driven on closed courses. These studies were funded over the years either by research contracts with the National Highway Traffic Safety Administration or by research grants from the National Institute on Alcohol Abuse and Alcoholism.

In more recent years, both in the United States and in Europe, I have focused increasingly on psycho-social and epidemiologic studies of drinking drivers, especially those arrested for driving under the influence of alcohol (DUI). Currently, I am conducting a large-scale research program which involves testing and in-depth interviews with four different but interdependent segments of the American drinking and driving public: (1) the general driving population, (2) the nocturnal driving population, (3) the convicted first DUI offender population, and (4) the convicted multiple DUI offender population. The results of this research program are expected to enable the development of much more effective means for preventing, deterring, and intervening in this major public health problem of driving after drinking. It should be noted that this research program is funded by a grant from the National Institute on Alcohol Abuse and Alcoholism.

Regarding other relevant professional activities, I am serving on the Steering Committee of the Congressionally-mandated investigation of "Alcohol-related Accidents in Recreational Boating" being conducted by the Transportation Research Board of the National Research Council, National Academy of Sciences, in cooperation with the U.S. Coast Guard. I am also serving as a member of the Planning Committee for the conference series on "Performance Guidelines Related to Alcohol and Drugs in the Transportation Industries" for the Alcohol Research Utilization System of the National Institute on Alcohol Abuse and Alcoholism and the National Institute on Drug Abuse. In recent years, I have also been serving as an invited peer reviewer of research grant applications submitted to the National Institute on Alcohol Abuse and Alcoholism. Also of relevance, I am a member of the Committee on Alcohol, Other Drugs, and Transportation recently formed by the Transportation Research Board of the National Research Council, National Academy of Sciences.

Senator WEICKER. Thank you, Dr. Perrine. Senator Burdick?

Senator BURDICK. Doctor, I enjoyed your testimony. I am curious to know what kind of research would you do to combat this type of menace?

Mr. PERRINE. The research really spreads over a broad spectrum. It includes that research which is just now pointing toward genetic contributions, toward alcoholism, toward the possibility that individuals who drink large quantities of alcohol may not be aware of the fact because of their genetic composition that they are at great risk.

In the work I have been doing over the years, it is focused upon the early identification of individuals based on biographical and personality factors that may lead them to be at higher risk and, therefore, they should have early counseling. It is also involved in more activity to focus on the treatment assessment. In other words, how effective is alcoholism treatment for those individuals who have been identified as having a problem, either through being involved in a drunken driving incident or through being referred by a physician or through self-referral.

Progress in all of these areas is contributing. It is not a problem that is going to go away overnight. It is not a problem that is going to go away perhaps even in a decade. We are making progress.

To lose the critical mass of the few institutions and the relatively few investigators who are working on this problem through drastic cuts, it seems to me to be false economy on that part of the social problem, namely highway accidents, that is the greatest single killer of our youth. There is no other single aspect than highway accidents that kills more of our youth. They are over representative in terms of alcohol involvement.

It is a question of education and prevention and selective focusing on those individuals who are at high risk.

Senator BURDICK. I do not like to tell a doctor what to do, but don't you think a little more enforcement by the authorities is pretty good medicine, too?

Mr. PERRINE. I certainly agree. I think there should be more enforcement, I think it should be selective. There is research in this area as well. If we could use the support of the grassroots movement, which in recent years has caused enormous focus on this particular problem, to help out in the courts, in the legislation, with selective enforcement, yes. We can certainly make great strides in that direction.

Senator BURDICK. Thank you.

Senator WEICKER. Thank you very much.

STATEMENT OF DR. SAMUEL HARVEY, ASSISTANT TO THE PRESIDENT, GEORGETOWN UNIVERSITY

Senator WEICKER. Next we have Dr. Samuel Harvey, assistant to the president of Georgetown University.

Dr. HARVEY. Thank you, Mr. Chairman, and members of the subcommittee. Georgetown has submitted brief testimony on three topics.

First, we urge committee support of the Bioethics Information Retrieval Program of the National Library of Medicine. Second, we urge committee support of nursing training programs, particularly advanced nursing education. Third, we request the committee to reject the administration's proposed cap on health education assistance loans [HEAL]. The President wishes to limit Federal guarantees to $100 million in fiscal year 1987, instead of the full $290 million authorized. Demand for this loan, which is funded by private lenders with the borrowers paying full cost, greatly exceeds $100 million.

We urge the committee to press Health and Human Services for prompt issuance of the new regulations on HEAL. They have been in the making for several years and are now long overdue. The HEAL Program is a successful last resort loan with no Federal outlay or obligation. Concerns about high default would be greatly offset by tighter regulations placed upon school and lender and by implementation of the changes in the recent reauthorization legislation. It is most important that these regulations be issued.

Mr. Chairman, thank you for the opportunity to testify before the subcommittee.

PREPARED STATEMENT

Senator WEICKER. Dr. Harvey, thank you very much for your testimony and it will be included in the record in its entirety. Thank you for appearing.

Dr. HARVEY. Thank you.

[The statement follows:]

STATEMENTS OF REV. T. BYRON COLLINS, S.J., SPECIAL ASSISTANT TO THE PRESIDENT, GEORGETOWN UNIVERSITY

I am Reverend T. Byron Collins, S.J., Special Assistant to the President of Georgetown University; with me is Mary S. Albert, Special Assistant to the Chancellor of the Medical Center. We are here today to urge your rejection of the President's request in the Fiscal Year 1987 budget to cap the Health Education Assistance Loan (HEAL) loans at $100 million dollars.

There are no Federal outlays or obligations for the HEAL progam, HEAL loans, guaranteed by the Federal government, are made to health professions students by private lenders. Interest is not subsidized by the Federal government. Student borrowers pay the full interest based on the 90 day T-Bill +3%. Student borrowers also pay for all defaults from an insurance fund established for this purpose to which students pay a certain percentage "upfront".

Mr. Chairman, this loan program, which requires no appropriations, is essential at the fully authorized amount of $290 million for Fiscal Year 1987 so that students from modest family backgrounds may enter the health professions.

We urge the following, with respect to HEAL:

1) Administration interest in limiting Federal guarantee to 80%, and requiring 20% risk-sharing by the lenders should not apply to HEAL. HEAL has a separate insurance fund to pay for all defaults, and Federal funds are not at risk. Unlike other Federal loans, there is no Federal capital committed to the program.

2) The credit authority should be granted at the beginning of the Fiscal Year, so that lenders and borrowers can plan for the entire year. HEAL loans is to credit authority presently released periodically throughout the year for students, schools and lenders need to plan for the entire academicl year.

3) We urge the Committee insist that the Department of Health and Human Services issue promptly the new HEAL regulations which have been years in the drafting. Each year for several years, we have come before you to urge that the risk of high HEAL delinquency could be greatly reduced by requiring stricter due diligence by the lender, and more careful loan administration by the borrower's school (such as stricter need analysis, stricter requirements, income to be counted in needs assessment, prompter, a longer and more diligent follow-up of delinquent loan payments). We are convinced that health professionals with HEAL loans prosper sufficiently to repay their laons, and they shoujld be given no quarter if they fail to do so. However, the regulations must put this stricter administration into effect--and they are long overdue.

4) Finally, and most important, HEAL loans must not be capped at $100 million. The demand for the HEAL loan, paid fully by the borrowers, will reach the $290 million authorized for Fiscal Year 1987. The program must be diligently administered; 285 million in loans have already been issued in FY 1986. Without sufficient HEAL loans, Georgetown and other schools risk becoming elitist, enrolling only the wealthiest students. With HEAL, students can finance their way through school and repay educational costs through future earnings.

Mr. Chairman, we thank you very much.

Mr. Chairman, Members of the Subcommittee:

I am Reverend T. Byron Collins, S.J., Special Assistant to the President of Georgetown University. With me is Mary S. Albert, Special Assistant to the Chancellor, Georgetown University Medical Center.

We appreciate the opportunity to appear before you today to urge rejection of the Administration's proposed deletion of funding for the health professions, especially advanced nurse education.

For several years, we have appeared before you each Spring to underscore the necessity for Federal funding of nursing programs. With the dramatic changes in health care delivery and nursing practice, the over one million registered nurses in the U.S. have responsibilities that have changed dramatically from a few years ago. Advanced nursing education programs permit the building of the cadre of nurse leaders so important to meet today's changing practice.

At Georgetown, we have a thriving graduate program with specialties in gerontology, nurse-midwifery, and administration. Federal funding has enabled us to develop curricula and provide traineeship support for students of modest background.

As we seek more cost-effective ways to use health personnel, we find that there is no question that nurses with advanced education can "extend" the physician and other professionals in the health care team, and offer more care for less resources. Advanced nurse education becomes a truly cost-effective investment and we urge its restoration in the budget.

Thank you for this opportunity to testify before you.

Mr. Chairman and members of the Committee, I am Father T. Byron Collins, S.J., Assistant to the President of Georgetown University. I am accompanied by Dr. Samuel Harvey, Jr., who is also an assistant to the President of Georgetown University. We would like to thank the Committee for its support of the Bioethics Library and Information System in FY 1986 through the National Library of Medicine.

Two unique information services have been established at the Kennedy Institute of Ethics at Georgetown University: the National Reference Center for Bioethics Literature (NRC) and the Bioethics Information Retrieval System.

The Congress has recently acknowledged the importance of the field of bioethics by establishing a Biomedical Ethics Board from its own membership and an Advisory Committee. The National Reference Center for Bioethics Literature and the Bioethics Retrieval System will be essential resources for this newly established Congressional body.

The Ethics Library, founded in 1973, was competitively awarded in FY 1985 a $1.4 million grant by the National Library of Medicine for the NRC's development as an extension of the Ethics Library. Commencing with the receipt of this award, the NRC has embarked on a program to actively disseminate bioethics information throughout the nation for consultation on such topics as Baby Fae, Diagnostic Related Groups, and the Living Will. A database of international organizations on bioethics, which will form the basis for a network of bioethics libraries throughout the world, is now being developed by the NRC staff.

The Bioethics Information Retrieval Service was similarly established following a competitive, peer review process, and since 1974 has been continuously supported by the NLM as a comprehensive, cross-disciplinary information service to monitor the scattered literature on bioethical issues. This service has been made available for use by health professionals, policymakers, researchers, teachers and students, clergy and others with interest in the increasingly important and complex value dilemmas that we confront in the areas of health care and biomedical research. The primary instruments of supplying this information are the BIOETHICSLINE database, a function of the Bioethics Information Retrieval System, and the Bibliography of Bioethics, the information indexed in both having been collected by the NRC.

In 1985, nearly 2,000 persons used the resources of the NRC in person and over 800 BIOETHICSLINE searches were performed in response to other queries, demonstrating a 36% increase between 1983 and 1985 in the use of BIOETHICSLINE. Thus it can be clearly recognized that an ever growing number of users will benefit in the future from the important information resources it produces in a field of increasing public concern.

The request of federal funds for operating these two national and international resources will be $725,000 during federal FY 1987. In addition, Georgetown University provides over a million dollars from its resources for the Bioethics Center, which hosts these two efforts. We would like to request the Committee to indicate its continued support for this unique national service program.

On behalf of our President, Rev. Timothy S. Healy, S.J., we thank you and the Committee for this opportunity to testify.

FACT SHEET

Bethesda, Maryland SEPTEMBER 1985

BIOETHICSLINE

What BIOETHICSLINE Contains

BIOETHICSLINE (short name: BIOETHICS) is a National Library of Medicine (NLM) online bibliographic database focused on questions of ethics and public policy in the fields of health care and biomedical research. Produced by the Bioethics Information Retrieval Project of the Kennedy Institute of Ethics at Georgetown University, BIOETHICSLINE includes citations on such topics as euthanasia, organ donation and transplantation, the allocation of health care resources, patients' rights, codes of professional ethics, in vitro fertilization and other reproductive technologies, genetic intervention, abortion, behavior control and mental health therapies, and human experimentation. Because bioethics is a cross-disciplinary field, the scope of BIOETHICSLINE spans the literatures of the health sciences, law, philosophy, religion, the social sciences, and the popular media.

BIOETHICSLINE currently contains approximately 19,000 citations to English-language materials dating from 1973 to the present. It incorporates nine document types: journal articles, monographs, analytics (chapters in monographs), newspaper articles, court decisions, bills, laws, audiovisual materials, and unpublished documents. The database is updated bimonthly, with 1,800 to 2,000 records being added each year. Since 1982, approximately 20% of the citations added include short abstracts written by the Bioethics Information Retrieval Project Staff.

How BIOETHICSLINE Is Searched

To enter the BIOETHICSLINE file, login as usual to NLM's ELHILL retrieval system and enter the command FILE BIOETHICS after a USER: cue.

BIOETHICSLINE is best searched using Keywords, which consist of subject terms drawn from the controlled vocabulary of the *Bioethics Thesaurus* and proper nouns (such as the names of persons, places, organizations, and court decisions). The *Bioethics Thesaurus* is currently available for $5 from the Bioethics Information Retrieval Project; it is also included in every annual volume of the *Bibliography of Bioethics*, the print version of BIOETHICSLINE.

Approximately 80% of the *Bioethics Thesaurus* Keywords are mapped to terms in NLM's *MeSH (Medical Subject Headings)* vocabulary, making it possible to search BIOETHICSLINE using *MeSH*. Text word searching is also possible in BIOETHICSLINE, with text words being derived from the Abstract, Corporate Author, General Note, Keywords, Publisher, and Title fields.

Other data elements that may be searched directly include Author, Date of Publication, Entry Month, ISBN and ISSN, Publication Type, and Title of Journal. A special data element, Subject Captions, permits quick current awareness retrieval by broad subject area (e.g., genetics and reproduction, health care delivery) or by type of approach (clinical, legal, philosophical, popular, or religious) to the study of bioethical issues.

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STATEMENT OF HENRI BEGLEITER, RESEARCH SOCIETY ON ALCOHOLISM, PROFESSOR OF PSYCHIATRY AND NEUROSCIENCE, DOWNSTATE MEDICAL CENTER, BROOKLYN, NY

Senator WEICKER. Next we have Henri Begleiter of the Research Society on Alcoholism, professor of psychiatry and neuroscience, Downstate Medical Center, Brooklyn, NY.

Mr. BEGLEITER. I am here as the president-elect of the Research Society on Alcoholism. I am very pleased to be here to testify before your committee.

For the past 20 years, I have been actively involved in the conduct of biomedical research in the area of alcoholism. Specifically, I have studied the effects of alcohol on the brain. The identification of brain deficits in abstinent alcoholics has led us to hypothesize that some brain operations may, in fact, antecede the development of this disease.

We have quite recently observed that certain physciologic activities in the brains of young sons of alcoholics are altered in much the same way as they are in abstinent alcoholic adults. This scientific evidence suggests that neural pathophysiology associated with alcohol abuse may, in fact, be inherited.

Research findings from various laboratories including ours, indicate that genetic factors may be involved in the development of alcoholism. At present, the scientific community holds the view that we are on the threshold of a momentous scientific advance in the field of alcoholism. Indeed, we believe that the support of a substantial scientific effort to elucidate the genetic factors involved in alcoholism is likely to result in more effective methods of prevention as well as efficacious means of treatment.

The Research Society on Alcoholism is recommending a 1987 budget for NIAAA of $88 million or an increase of $19.2 million over the administration's request. This amount is relatively modest when compared to the economic costs to the Nation of alcoholism and alcohol abuse estimated to be in excess of $116 billion annually.

We are also recommending an increase of 13 positions to alleviate what we see as a serious understaffing in both intramural and extramural programs. In addition, I support the professional judgment budget proposal for the other ADAMHA Institutes which would provide $272 million for the National Institute of Mental Health [NIMH] research budget, $90.5 million for the National Institute on Drug Abuse [NIDA] research and $30.8 million for the research training programs of the two institutes.

The administration's budget would allow only 74 new and competing grants compared to 100 in 1986 and would require that new and competing grants be cut by 16 percent below approved levels. The proposed fiscal cuts would have severe deleterious effects on the current scientific efforts which have never received financial support commensurate with the economic cost of alcoholism to our Nation. Many worthy ongoing scientific projects will be jeopardized while the reduced number of new and competing grants will deter numerous potential investigators. In brief, the reduction in funds will unquestionably curtail the important current scientific efforts.

The recommended amount would provide $7.9 million for the investigator-initiated grant program to restore projects to council approved levels and provide for 26 additional new grants. It would also provide $4.6 million for needed growth in the other grant programs including centers, research scientist development awards, small grants, and contracts.

An additional $2.9 million and eight positions will allow the intramural program to replace obsolete equipment and expand its efforts in research utilizing nuclear magnetic residents. An additional $2.3 million and five positions are needed to meet the shortfall in direct operations and restore contract efforts in prevention and research dissemination which have been cut back or postponed due to reductions.

In the training area, we are recommending an increase of $500,000 to increase the number of research trainees from the 63 provided by the administration's request to 80 trainees.

Four decades of fruitful sponsorship and execution of quality research programs in the health sciences have helped us conquer various diseases and improved our quality of life. Significant scientific advances as well as fundamental discoveries have not occurred by happenstance. They are the direct result of a 40-year partnership between Government and biomedical scientists.

While I fully recognize the current need to balance the budget, an increase in funding for alcohol research will unquestionably be quite cost effective in the long run. I would urge you to consider increased funding for alcohol research and training in 1987.

Thank you, Mr. Chairman.

PREPARED STATEMENT

Senator WEICKER. Thank you very much for your testimony.

[The statement follows:]

STATEMENT OF HENRI BEGLEITER

I am Henri Begleiter, professor of psychiatry and neuroscience, State University of New York, Health Sciences Center at Brooklyn, NY. I am also vice president of the Research Society on Alcoholism which has as its purpose the furtherance of research which can lead to improved methods of preventing and treating alcoholism and alcohol abuse. I am pleased to appear before this subcommittee on behalf of the Research Society on Alcoholism to present their recomendations regarding Federal funding of alcohol research.

For the past 20 years I have been actively involved in the conduct of biomedical research in the area of alcoholism. Specifically, I have been using neurophysiological techniques to study the acute and chronic effects of alcohol on the brain. The identification of various brain deficits in abstinent alcoholics has led us to speculate that some brain aberrations may antecede the development of this disease. We have quite recently observed that certain electrophysiologic activities in the brains of young sons of alcoholics are altered in much the same way as they are in abstinent alcoholic adults. This scientific evidence suggests that neural pathophysiology associated with alcohol abuse may be inherited.

Research findings from various laboratories indicate that genetics factors may be involved in the development of alcoholism. At present, the scientific community holds the view that we are on the threshold of major scientific advances in the field of alcoholism. Indeed, we believe that the support of a major scientific effort to elucidate the genetic factors involved in alcoholism is likely to result in more effective methods of prevention as well as efficacious means of treatment.

The Research Society on Alcoholism is recommending a 1987 budget for NIAAA of $88 million, or an increase of $19.2 million over the administration's request. This amount is relatively modest when compared to the economic costs to the Nation of alcoholism and alcohol abuse, estimated to be in excess of $116 billion annually. We are also recommending an increase of 13 positions to alleviate what we see as a serious understaffing in both intramural and extramural programs. In addition, I support the professional judgment budget proposal for the other ADAMHA institutes which would provide $272 million for NIMH research, $90.5 million for NIDA research, and $30.8 million for the research training programs of the two institutes.

The administration's budget would allow only 74 new and competing grants, compared to 100 in 1986, and would require that new and competing grants be cut by 16 percent below approved levels. The proposed fiscal cuts would have severe deleterious effects on the current scientific efforts which have never received financial support commensurate with the severe economic cost of alcoholism to our Nation. Many worthy ongoing scientific projects will be jeopardized while the reduced number of new and competing grants will deter numerous potential investigators. In brief, the reduction in funds will unquestionably curtail the important current scientific efforts.

The recommended amount would provide $7.9 million for the investigator-initiated grant program to restore projects to council approved levels and provide for 16 additional new grants. It would also provide $4.6 million for needed growth in the other grant programs, including centers, research scientist development awards, small grants, and contracts. An additional $2.9 million and eight positions will allow the intramural program to replace obsolete equipment and expand its efforts in research utilizing NMR. An additional $2.3 million and five positions are needed to meet the shortfall in direct operations and restore contract efforts in prevention and research dissemination which have been cut back or postponed due to reductions.

In the training area, we are recommending an increase of $0.5 million to increase the number of research trainees from the 63 provided by the administration's request to 80 trainees. We are also recommending a restoration of the clinical training program with $1 million.

Four decades of fruitful sponsorship and execution of quality research programs have helped us conquer various diseases and improved our quality of life. Significant scientific advances as well as fundamental discoveries have not occurred by happenstance. They are the direct result of a 40-year partnership between Government and biomedical scientists. While I fully recognize the current need to balance the budget, an increase in funding for alcohol research will indubitably be quite cost effective in the long run. I would urge you to consider increased funding for alcohol research and training in 1987.

STATEMENT OF CARLTON K. ERICKSON, PH.D., TEXAS RESEARCH SOCIETY ON ALCOHOLISM, PROFESSOR OF PHARMACOLOGY

Senator WEICKER. Our next witness is Dr. Carlton Erickson, Texas Research Society on Alcoholism, and a professor of pharmacology. Dr. Erickson.

Mr. ERICKSON. Thank you, Senator Weicker.

I had the honor of appearing before this subcommittee last year, and I do appreciate the effort you put forth to raise the budget of the National Institute on Alcohol Abuse and Alcoholism, which is why I am here again this year, to urge further increases in maintenance of the budget that you worked so hard to obtain last year.

As you mentioned, I am a professor of pharmacology at the University of Texas at Austin and head of the Alcohol and Drug Abuse Research Program at the university. I am also executive director of the Texas Research Society on Alcoholism and an officer of the National Research Society on Alcoholism.

Not content to be just a scientist, I am also a trained intervenor in the Student Assistance Program at the university, and I have worked closely with alcoholism treatment centers to develop research protocols with some of their patients and to educate the staff of these centers about new research findings on alcoholism.

Therefore, I like to think of myself as not only a scientist and an educator but as a professional who is aware of the need for treatment of chemically dependent people. I am convinced that alcoholism is a disease that is beyond the control of the victim and that alcoholism is not a moral weakness, any more than syphilis, polio or diabetes.

I am not an alcoholic, but I have worked with recovering alcoholics and their families, and I know what a devastating disease it can be, especially for children. I fear that someday it may strike me or several of my family and friends, or perhaps your friends. This is a legitimate fear for we know that 1 in 10 consumers of alcohol are susceptible to alcoholism.

As a researcher in the field for 20 years, I have been following the budget of NIAAA since it was formed in 1970. Although the present fiscal year 1985 budget is 2½ times what it was in 1979, the number of dollars being spent on research in this field is only a little more than 1 percent of all the Federal dollars that are allocated to research on all other diseases.

This is, to put it mildly, unbelievable when we consider that alcoholism is among the top three diseases in the United States in terms of death in incidence, and that the cost to our society of alcoholism and drug problems is over $120 billion a year.

I just don't understand how we can sit back and let people die from alcoholism and drug abuse when we have it within our power to find the causes of these diseases through research if scientists only had enough money to work with.

According to the 1980 report of the Institute of Medicine, which recommended modest increases in the research budget of NIAAA over a 3-year period, we should be looking at $100 million for the budget of NIAAA in this past fiscal year. Instead, we are looking back at about one-half of that budget.

For fiscal year 1986, President Reagan has recommended that we cut back on the number of new and competing research grants from 100 per year to 74 per year. I don't believe this is progress at all. What this will mean is that fewer good scientists will be attracted into the laboratories to work on the causes and consequences of alcoholism.

I realize the need to reduce spending and to reduce the national deficit, but we must maintain even the modest gains that NIAAA and the other ADAMHA institutes have made in the past so the people affected by alcoholism and other drug problems can have some hope for the future.

The recommendations that I am making for the NIAAA budget are essentially the same as those that Dr. Begleiter just recommended, and I appreciate the opportunity to appear before you this morning.

PREPARED STATEMENT

Senator WEICKER. I thank you for being with us again and for your testimony. Thank you.

Mr. ERICKSON. Thank you.

Senator WEICKER. I didn't realize the figures were as high in terms of economic cost as both you and Dr. Begleiter have indicated. That is staggering.

[The statement follows:]

STATEMENT OF CARLTON K. ERICKSON

My name is Carl Erickson, and I am a Professor of Pharmacology and Toxicology at the University of Texas at Austin. I am also Head of the Alcohol and Drug Abuse Research Program at the University, as well as a member of the Research Society on Alcoholism. I have devoted my career to the study of drugs of abuse, and in particular, alcohol. My interest in alcohol arises not from any family or personal involvement with the disease of alcoholism, but from a scientific standpoint, since alcohol is one of our least understood drugs. How it acts on the brain to cause intoxication and disease is a cause of considerable curiosity and interest to me, and so I have been studying alcohol for almost 20 years.

I began research on alcohol in 1967, when I was fortunate to receive a grant from the National Institute on Mental Health. Three years later, in 1970, the National Institute on Alcohol Abuse and Alcoholism (NIAAA) was formed, and funds began to be allocated specifically for alcohol problems. Over the years, the budget of NIAAA has grown slowly. There was even a period from 1979-1982 during which the research budget remained stable.

Today, I'd like to take just a few minutes of your time to discuss the budget of NIAAA. As you may recall, the 1980 and 1984 reports from the Institute of Medicine (IOM) recommended substantial increases in the research budget of NIAAA. Fifty percent annual increases for 3 years were suggested for the 1979 NIAAA budget of $22 million, and increases in constant 1983 dollars, to $100 million in FY 1985. We are now beyond that time period, and instead of $100 million, the research budget for NIAAA is only $54.4 million, following the first year cuts caused by the Gramm-Rudman-Hollings Amendment. The total FY 1986 appropriation for NIAAA, including training and direct operations costs, is $67 million, following Gramm-Rudman. And now your Subcommittee is trying to decide whether to increase or decrease President Reagan's FY 1987 budget request of $68.8 million, which is a 2.7% increase over the FY 1986 revised budget for NIAAA.

I would like to emphasize the fact that the NIAAA budget has not escalated at the rate proposed by the IOM from 1981 - 1985. Only in 1983 was the IOM recommendation followed by Congress. More importantly, the amount of funding devoted to research on alcoholism, the nation's number 2 disease, is only 6% that allocated for cancer research (FY 1986 appropriations), 9% that allocated for heart, lung, and blood disorders, and less than the amounts allocated for dental research and aging research.

Obviously, the nation is caught in an embarrassing situation where it is only now beginning to recognize the seriousness of alcohol and other drug abuse problems and addictive diseases. Some people recognize how paultry the previous research support has been in these areas, and we are now trying to catch up and go ahead in a time of tight funding. Research on the causes and prevention of alcohol and other drug problems has been the victim of a late start (alcohol research is really only about 15-20 years old). In addition, the stigma associated with the disease of alcoholism, and inability of my colleagues and I to educate the public on what research can do to conquer alcoholism has hurt us.

Let me tell you what I feel alcohol researchers can do for the nation. I can see, for example, a diagnostic test for alcoholism within 5-10 years. I can see, in the next 10-15 years, better prevention methodologies, based upon an increased knowledge of the genetics of alcoholism. I can see, in 15 - 20 years, better and more cost-effective treatments, based upon increased knowledge of the causes of alcoholism. And I can see, in 15 - 20 years, a greatly reduced incidence of the disease, which has remained steady at 5% of the population for the past 5 years. These milestones can be achieved, but only if funding for alcohol research is greatly increased this year and every year thereafter.

Some people may believe that alcoholism is already being adequately treated, and that there is little need for research. This is not true. The economic costs to society of alcohol problems continue to rise each year. In 1980 they were estimated at $48 billion. Estimates since then have been $60 billion and $78 billion, and I recently saw a report that estimated the cost to society at over $120 billion! We must keep in mind that no disease has ever been conquered by only treating the victims. Research must find the causes - only then will the incidence and subsequent economic costs begin to decline.

Any business person realizes that long-term investments are a predictable way to gain significant payoffs in the future. If we commit ourselves to an investment into the causes of alcoholism, by increasing funds for research grants and the training of young scientists in this field, past experience tells us that this will certainly provide future advantages. Do you realize that the investment in cancer research is currently 3.3 cents for each dollar of the economic cost to society, while the investment in alcoholism research is only 4 hundredths of one cent for each dollar of cost?

In 1983 federal tax revenues from the sale of alcoholic beverages totalled $5.7 billion. One tenth of those revenues would have provided NIAAA with 20 times the research budget it had in 1983. Does it make sense to spend only $60 million per year on research into finding the causes and solutions to a disease that costs U.S. taxpayers over

$100 billion per year? Do you realize that an investment that matches the cost of several Titan missiles could cover alcoholism research and training costs for the next 5 years, and save thousands of lives, perhaps those of some of your family or friends? Surely anyone can see that President Reagan's FY 1987 recommended budget for NIAAA is not indicative of a far-sighted investment.

I am personally aware of several colleagues who have had grants reviewed by NIAAA, who have received excellent priority scores for projects which will not be funded due to insufficient funds. These scientists may soon get discouraged and turn to other intellectual pursuits. What disturbs me more than anything is that alcoholism, the fetal alcohol syndrome, DWI, child abuse, accidents, and other effects of alcohol abuse will never be conquered unless we can support the good scientists while attracting new ones into this area of research. Just as I was attracted to the field in 1967, we now need to attract more scientists to work on this enormous problem of drug abuse which affects us all. Unless immediate and reasonable research and training funds are forthcoming, we are only going to slide backwards in our goal of conquering these problems.

Members of the Subcommittee, for the past 7 years I have worked diligently to increase funds for alcoholism research in Texas, through state, private and public sources. I know that individuals, foundations and state governments cannot possibly supply enough money to scientists to make a significant dent in the armor which surrounds the mystery of alcoholism. The federal government simply has to take the lead in the conquest of alcohol problems, because only a major committment to reducing these problems will pay dividends. I realize you want to reduce the budget deficit, and I realize that other special interest groups are tugging at the purse strings. But, we have waited long enough. I urge you to significantly increase the funds for alcohol research and training, and for other ADAMHA programs which are interfaced with alcohol problems. I urge that you allocate an amount of $72 million for intramural and extramural NIAAA research, $2.8 and $13.2 million for research training and program support, respectively, for a total of $88 million to the Institute. Don't wait until the disease strikes you or a member of your family before you become emotionally involved in these problems.

Thank you for your attention.

STATEMENT OF HERBERT PARDES, M.D., CHAIRMAN, COUNCIL ON RESEARCH, AMERICAN PSYCHIATRIC ASSOCIATION; CHAIRMAN, DEPARTMENT OF PSYCHIATRY, COLUMBIA UNIVERSITY

Senator WEICKER. Our next witness is Herb Pardes, chairman, Council on Research, American Psychiatric Association, and chairman, the Department of Psychiatry at Columbia University.

Dr. PARDES. Senator Weicker, it is a pleasure and an honor to testify before you. As many others have said, we look to you as one of the outstanding leaders in this country who has really kept alive our hopes with regard to biomedical research.

The administration budget for ADAMHA betrays a callous disregard for the over 30 million people suffering from alcoholism, drug abuse, schizophrenia, and other mental illness. This is particularly ironic because research in this field has never been so promising.

In a recent study of all the Lasker awards, possibly the second most prestigious health research award, Dr. Louis Thomas stated the following:

> The 1976–86 decade is already providing its own evidence that neurobiology is well under way as the most exciting of all fields in biological science. It seems safe to predict from today's vantage point that the events that lie in the decades just ahead will almost certainly revolutionize all our earlier notions about the brain and about the mind that it operates or that operates it.

I might add that there have been several Lasker and Nobel prizes to research in brain biology behavior areas close to the concerns of psychiatric and substance abuse illnesses.

The Reagan proposal begins the dismantling of the already modest research effort we have to conquer these diseases. For every patient treated for cancer, more than $300 is spent on research per patient. We applaud that effort. We are dismayed, however, that for schizophrenia the analogous figure is but $7.

Government money is critical. Ninety percent of research on mental illness comes from the public sector, contrasted to some 58 percent for other health research. Because of stigma, the private world also gives little research money for mental illness. If there are some 5,000 researchers doing cancer work and there are some 5,000, as I understand it, doing star wars research, the numbers, as I understand, are projected to increase to 18,000 for star wars. To give you a picture, the analogous numbers for schizophrenia is probably no more than 100 to 200.

These figures were appalling enough in past years, but in the face of a research explosion in the sciences related to mental illness and substance abuse, they represent ill-advised policy economically and a national disgrace from a human perspective.

Given that we spend some $185 million, according to an Institute of Medicine report in 1980, per year on expenses for these disorders, and given that research offers exciting possibilities for finding answers which would lower the cost, why should we nickel and dime that effort and reduce it, as the administration suggests by their research budget recommendation of $348 million for fiscal year 1987?

We have had examples already of savings from research. For example, the introduction of lithium has saved some $6.5 million in the last 15 years in this country. But look at some of the other research developments. We have confirmed that heredity is a major contributing cause of alcoholism. We have demonstrated that tegretul is effective in treating some of the episodes of manic-depressive illness unresponsive to lithium.

We have identified and studied some of the consequences of drug use. We have identified some of the precise subcellular biochemical changes in the nervous system of animals during learning and memory, and if we can get a handle on learning and memory, we can do something for the learning-disabled children and the various people who are institutionalized because of memory deterioration.

We have uncovered the strong link between alcohol and harm to the human fetus. We have discovered the key role of neuronal receptors, the parts of nerve cells that receive chemical messages from adjoining cells, and developed techniques for mapping the location of these receptors throughout the central nervous system.

We have provided new evidence, through use of sophisticated imaging techniques, of structural brain abnormalities, especially decreased frontal lobe size, in schizophrenic patients, and we have demonstrated that the behavioral and psychological concomitants of AIDS may be due to invasion of neurons by the AIDS virus.

There are countless other examples of new knowledge and new approaches that enable us to mount a reinvigorated attack on these illnesses, but not with the administration budget. That budget would introduce a new stabilization policy based on the total number of grants supported by each agency.

For ADAMHA the OMB number is 1,400. The resultant adverse impact of this type of stabilization is a dramatic reduction of almost 20 percent in the number of new and competing research projects from 550 to only 448. Instead of establishing a stable and predictable level of competition among scientists for research support, scientists under this proposal once again become faced with a wild fluctuation in the level of grant availability from year to year.

Adoption of the President's budget would specifically allow NIAAA to fund only 74 new and competing grants, reduce the number of NIMH new and competing regular research grants to 257, drop the number of new and competing grants at NIDA from 131 to 117, prohibit the award of any new and competing grants for NIMH research centers dedicated to basic research and clinical studies of childhood disorders, schizophrenia, disorders of the elderly and the like—and I would say, Senator, that even for this administration, these are unbelievable recommendations—reduce the total number of NIMH research trainees to 751, slash by one-third the number of research career development awards and small grants which were authorized by Congress in 1986. I might add parenthetically that these programs are essential in attracting young and bright minds to careers in research in this field.

Mr. Chairman, the ad hoc group for medical research funding this year is joining with us in urging the Congress to appropriate a major new infusion of new research dollars into areas within the ADAMHA purview. This increase is necessary, as they state, to achieve catchup growth in funding of mental health and addictive research, and it restores ADAMHA purchasing power for research training to the constant dollar levels of 1974.

The coalition of over 41 organizations, primarily concerned with the adequacy of Federal funding in ADAMHA, has also endorsed these funding recommendations. This alternative budget would provide for necessary expansion in the level of competing and noncompeting research projects with full funding at study section recommended levels, critical growth in research centers, including sufficient funding for competing renewals and also for research scientist development awards, sufficient moneys to raise the number of research trainees to that recommended by the National Academy of Science, needed renovation of outmoded research labs and equipment, and necessary funds for the intramural programs to provide for replacement of obsolete equipment and to regain lost positions.

This proposal does not seek to play a numbers game and establish another arbitrary formula in place of that proposed by the President. Rather, the proposal is based on the present scientific excitement in the field and the importance of the research that can be done. It is derived from the scientific opportunities and recommendations of the Institute of Medicine report. The specifics are in my full report.

What lesson is the administration with its budget proposals teaching to those suffering from mental or substance abuse disorders? What lesson is taught those physicians and others considering a career in research into these illnesses? For the former, it is a reaffirmation of the stigma attached to mental illness or addictive disorders. For the latter, it is a confirmation that the Nation's research commitment does not lie in this field, and entering the field is folly.

A vicious cycle of diminished financial resources leading to diminished interest and involvement in research is created, resulting in tremendous potential loss to society as a whole. If the Nation fails to invest wisely in efforts to reduce the costs of mental illness and addictive disorders, we will all continue to pay the price in increased hospital care, increased secondary illness, lost productivity, and ultimately lost lives.

PREPARED STATEMENT

We are confident, Mr. Chairman, that enhanced funding can yield major dividends in advanced scientific knowledge and ultimate application to these disorders. We stand ready to work with you in this endeavor.

[The statement follows:]

Statement of Herbert Pardes

Mr. Chairman and Members of the Subcommittee, I am Dr. Herbert Pardes, Chairman of the Council on Research of the American Psychiatric Association, a medical specialty society of over 32,000 psychiatrists nationwide. I am testifying not only to express the particular concerns of the American Psychiatric Association regarding the President's proposed FY 1987 appropriations for Research and Research Training at the Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA), but also those of the American Association of Chairmen of Departments of Psychiatry, the American Association of Directors of Psychiatric Residency Training, and the American Society for Adolescent Psychiatry. I also speak on behalf of a coalition of over 45 constituent organizations in the mental health and substance abuse community that have united in offering an alternative ADAMHA budget -- which is also endorsed by the Ad Hoc Group for Medical Research Funding, a diverse group of almost 200 organizations united by their concern about biomedical and behavioral research. I ask permission to insert the coalition's statement into the hearing record. A one page summary of our substitute ADAMHA budget proposal is attached.

RESEARCH/ RESEARCH TRAINING

Over 90 percent of research on mental and addictive disorders is dependent on federal funding. As you know, the ADAMHA research mission covers a large and diverse range of people with an overall prevalence of mental and addictive disorders for all age groups in the United States in the range of 15 to 22.5 percent. Thus, ADAMHA supported-research is of direct relevance to 30-45 million Americans, including over 2 million children with serious mental disorders and at least 10 percent of our citizens who are over 65 years of age. To appreciate the magnitude of the problem as contrasted to funding support only 5 to 6 million Americans have been treated for cancer at some time. For every patient treated for cancer, more than $300 is spent on research; for schizophrenia the sum is $7. Overall, yearly expenses for mental and addictive disorders total an estimated $185 billion in 1980 (IOM Report). By 1983 that number had risen to $218 billion.

The President's proposal for ADAMHA research and research training totals

$348 million in FY '87, a reduction from the comparable level of $366 million in FY '86 (prior to the Gramm-Rudman triggered sequestration of funds). Of this reduced amount, an additional $9 million, in AIDS-related research dollars, is proposed to be taken away and transfered to the office of the Assistant Secretary for Health. This $348 million level -- without regard to the further effective reduction of $9 million -- falls far short of the "no-growth" or "current services" benchmark level of $406 million (i.e. the amount that is needed to continue with adjustments for inflation the same level of activity in FY '87 as in FY '86) and is dramatically below the professional judgment recommendation of the Institute of Medicine of $465 million.

The cornerstone of the 1987 budget for both ADAMHA and NIH research is a new "stabilization policy" based on the total numbers of grants supported by each agency. Without regard to the merit of this methodology, for ADAMHA the OMB number is far too low -- 1400 total research project grants. Because 930 are reserved for continuation support to present investigators,the budget would necessitate a dramatic reduction in the number of supportable new and competing research projects from 550 under the 1986 appropriation to only 448, effectively undermining the opinion of key science advisors. Instead of maintaining a stable and predictable level of competition among scientists for already constrained research support, scientists under this proposal would again face a wild downward spiral in the availability of research support, making funding dependent more upon the timing of applications than on quality and merit. The proposed budget also imposes equally arbitrary and unnatural patterns of research support by emphasizing a fixed number of project grants at the expense of other mechanisms such as clinical research centers.

Adoption of the President's budget would specifically:

- Allow NIAAA to fund only 74 new and competing grants, 26 fewer than the level appropriated by Congress in FY 1985 and 1986; and require 16% cuts in the average costs of new and competing awards;
- Reduce the number of NIMH new and competing research grants to 257, 62 fewer than Congress authorized in 1986;
- Drop the number of new and competing grants at NIDA from 131 to 117;
- Prohibit the award of any new and competing grants for NIMH clinical research centers dedicated to

basic research, studies of childhood disorders, the mental health of the elderly, major psychoses, the genetic bases of mental disorders, and prevention; six highly productive centers currently supported by NIMH funds could not be renewed.

- Reduce the total number of NIMH research trainees to 751 (a reduction of nearly 50% over six years); further reduce the already insufficient number of research trainees at NIAAA and NIDA to 63 and 68, respectively.
- Slash by one-third the number of Research Career Development Awards and small grants which were authorized by Congress in 1986. These programs are essential in attracting and maintaining a cadre of highly talented young researchers in the field.

We appreciate the Subcommittee questions to the Administration witnesses which for the first time made public that there exists a potentially critical budget shortfall in the NIMH Research Centers mechanism in which funding for six competing/renewal centers is eliminated. The typical MHCRC grant provides core facilities to support several research projects with the aim of providing research environments where multidisciplinary teams of investigators can interact and develop focused programs of research on mental disorders, including those affecting children and the elderly. We are grateful for your interest and urge your Subcommittee to act prudently and reject this ill-advised proposal.

These reductions I have outlined are damaging in themselves, but even more so when held up to the light of the present burgeoning opportunities for improved, cost effective treatments. We feel that an explosion of research on the brain, one of the last frontiers of medical science, will offer eventual cures for some of today's most feared disorders. The recent research track record justifies our confidence. In the conduct of research into mental illness, alcoholism and drug abuse, ADAMHA-supported research has already, to name only a few:

- Demonstrated that the anti-convulsant Tegretol is effective in treating and preventing episodes of manic depressive illness, important both because it is particularly effective in people unable to tolerate or otherwise unable to utilize lithium and because it has opened up the potential similarity of psychobiological mechanisms surrounding manic depression and seizure disorders. Earlier estimates of the cost savings as the result of the introduction of lithium (approximately $6.5 billion in the past decade) can be expected to increase

20-50% with the addition of this drug to the arsenal of psychotropic medications.

- Confirmed that heredity is a major contributing cause of alcoholism in a substantial proportion of cases and provided clues to the physiological and molecular basis of the genetic predisposition to alcoholism.

- Identified and studied the consequences of drug use, including the effects of drugs on fetal development, motivation and emotion, personality and cognitive abilities, and performance, as well as the consequences of cessation of chronic drug use.

- Identified the precise, sub-cellular biochemical changes in the nervous systems of animals during learning and the formation of memory, both major components of all complex behavior. The significance of this discovery earned the Lasker Award and other major scientific prizes.

- Uncovered the strong link between alcohol and harm to the human fetus; and further found that even if a mother receives a nutritionally adequate diet, alcohol interferes with the transport of nutrients across the placenta, causing malnutrition in the fetus.

- Demonstrated that the use of alcohol damages the central nervous system at an earlier point in its use and that the damage is not as localized as previously had been thought.

- Developed behavioral interventions that reduce the incidence of delinquency among high-risk children and youth;

The unique questions that ADAMHA Institutes ask about brain function and behavior argue for their continuing to be a major source of support for research in both the neurosciences and in the psychosocial sciences, because progress within one discipline in the biobehavioral sciences often is intertwined closely with advances in others. For example, the discovery of effective drug treatments for several major mental disorders was a strong stimulus for basic research on brain physiology, pharmacology, and biochemistry and for improved diagnostic and clinical procedures to assess drug effects. The fact that available drugs do not work for everyone and that they have unpleasant, sometimes dangerous side effects has fostered, in turn, a search for safer, more effective drugs and has encouraged consideration of psychological and social treatments that can be used alone or in combination with an appropriate drug. Investigators using the tools of epidemiology have identified different forms of mental disorders and patterns of drug and alcohol use and abuse among different subpopulations in this country and in other cultures. These data are needed to improve diagnostic reliability and validity and to develop more individually tailored treatment interventions.

Mr. Chairman, the Ad Hoc Group for Medical Research Funding this year joins with us in urging Congress to appropriate a major infusion of new research dollars into areas within the ADAMHA purview. The group's recommendation documents the historical ADAMHA shortfall stating, "this increase is necessary to achieve catch-up growth in funding of mental health and addictive research . . . and restores ADAMHA purchasing power for research and research training to the constant dollar level of 1974."

The alternative proposal of APA, the Ad Hoc Group and others does not seek to play a "numbers game" as proposed by the President. Rather, this proposal is based on the present scientific opportunities in the field and the importance of the research that can be done. Specifically, it would:

- Permit support of 425 new and competing NIMH regular research grants, 168 more than the number which would be supported under the President's proposal;
- Permit NIAAA to award 116 new and competing investigator-initiated project grants at IRG-recommended levels; an increase of 16 percent over the number awarded in FY 1986;
- Allow NIDA to add 16 new and competing grants above the FY 1986 level of 100 awarded, including the funding for 3 major grants to support large clinical and treatment research projects;
- Enhance dramatically NIMH's ability to support university-based Research Centers: continuation levels would be restored to the levels approved by the NAMH Council; the six competing renewals otherwise lost in FY 1987 would be continued; and three new Centers (focusing on schizophrenia, childhood disorders; and mental health of the elderly) would be funded, as would two Centers investigating AIDS-related mental health issues;
- Augment the Research Scientist Development Award program — with special emphasis on talented, young clinical researchers, to ensure the future availability of well-trained personnel;
- Increase the number of research trainees supported by NIMH from 751 permissible under the President's budget to 1200, and expand the number of research trainees at NIDA and NIAAA to 100 and 80 respectively -- a significant step toward the 1500 trainees recommended by IOM;
- Ensure adequate personnel and equipment for the Intramural Research Programs of all three ADAMHA Institutes.

What lesson is the Administration with its budget proposals teaching to those suffering from mental or substance abuse disorders? What lesson is taught those young physicians and others considering a career in research into these illnesses? For the former, it is a reaffirmation of the stigma attached to mental illness or addictive disorders. For the latter, it is a confirmation that the Nation's research commitment is a vicious cycle of diminished financial resources leading to diminished interest and involvement, resulting in tremendous potential loss to society as a whole.

If the Nation fails to invest wisely in efforts to reduce the costs of mental illness and addictive disorders, we all will continue to pay the price in increased hospital care, increased secondary illness, lost productivity and, ultimately, lost lives. We are confident, Mr. Chairman, that with your support enhanced funding of ADAMHA research will yield dividends.

Thank you for this opportunity to appear before your Subcommittee and we look forward to working with you in the development of a responsible alternative ADAMHA budget.

APA SUBSTITUTE ADAMHA BUDGET COMPARATIVE

(in $ millions)

	FY '86 Congressional Appropriation	FY '87 Current Services	FY '87 President's Budget	FY '87 Our Proposal
Research				
(NIMH)	214.0	237.0	199.0	272.0
(NIDA)	74.0	82.6	73.0	90.5
(NIAAA)	57.0	63.7	56.6	72.0
Research Training	21.0	22.7	18.5	31.3
Clinical Training				
(NIMH)	19.0	20.0	0	26.0
(NIDA)/(NIAAA)	1.0	1.0	0	2.0
Block Grant	490.0	525.0	490.0	576.0
State Planning	0	0	0	5.0
Community Support	12.5	11.0	0	20.0
Protection/ Advocacy	10.0	10.5	0	18.5
Direct Operations	62.5	63.0	58.5	65.6

Senator Weicker. Thank you very much, Dr. Pardes, for your testimony and for your excellent appearances before this committee.

Before I turn the Chair over to Senator Inouye, I want to make one comment. You mentioned it several times in your statement, I mentioned it several times in my speeches, so this isn't to draw attention to you. We talk about the administration's budget or we talk about the lack of congressional action or we talk about the fact that some Senators or some Congressmen are blocking efforts to increase these budgets.

I think the point has to be made and should be made very forcibly that the budget of the United States is us, all of us. There is no better reflection of what the American people want, and the American people are going to have to stop pointing the finger either at a party or a philosophy or an individual or whatever have you.

If the American people want this budget, and these priorities to be revamped, they will be revamped so damned fast it will make your head spin. I cited as my favorite example because I could observe from the outside—I was yet to come to the Congress or come to the Senate—that I remember when we in the northeastern United States used to love to point the finger at a few southern Senators who were blocking civil rights legislation because of rule 22.

Well, now we know from history that there was just as much prejudice in the Northeast as there was in the South, and the reason why we didn't have any civil rights legislation had nothing to do with a few southern Senators; it had to do with the fact that the United States did not want civil rights. When the United States wanted it, it rolled through the Senate.

If the United States wants these budgets to be increased for health, for life, they will be increased; and not Reagan, not the Republican right wing, not a recalcitrant Democratic Congress nor the House of Representatives, none of these reasons will hold any ability to stop that.

I am going to continue to focus on this now. I figure I have irritated everybody else in this town, I might as well go after the American people as a whole. They are at fault. They are at fault for these budgets not being properly reflective of what needs to be done in this Nation.

Dr. Pardes. If I might just comment, Senators, one of the heartening things in this field is that we are starting to see a much more activated citizen community, both through the Mental Health Association, the National Alliance for the Mentally Ill, and they are becoming more and more assertive in working with the professionals, and my hope is that you will hear much more loudly a message from the citizens as to what they want.

Senator Weicker. Thank you very much.

Senator Inouye [presiding]. Thank you very much.

After that high note, what should I say.

Our next witness is Laurie M. Flynn, the executive director of the National Alliance for the Mentally Ill.

STATEMENT OF LAURIE M. FLYNN, EXECUTIVE DIRECTOR, THE NATIONAL ALLIANCE FOR THE MENTALLY ILL

Ms. FLYNN. Good morning. I was so sorry to see that Chairman Weicker has just had to excuse himself because we are, in fact, one of those groups that Dr. Pardes just referenced, a family based organization, rapidly growing around the country.

We have a full statement which we have submitted and we would ask to be included in the record.

Senator INOUYE. Without objection, it will be made a part of the record.

Ms. FLYNN. I am here today representing the national alliance which is a group of families, families who love someone who is suffering a serious mental illness. It is a fast growing organization, over 60,000 people, nearly 600 local self-help advocacy groups. We share with this committee an intense interest in biomedical research and, of course, look at the 1987 ADAMHA request with enormous interest. As many have stated, with considerable concern.

I would like to devote most of my time to talking about research because for those of us who have a close relative afflicted with a disabling mental illness, research is our hope.

Our organization has called on the Congress for a war on mental illness for the past 3 years. We have engaged in an ongoing dialog with the leaders at the National Institute of Mental Health and recently over 150 of our members, at their own expense, came into Washington and overflowed the auditorium at the clinical center, listening to researchers tell us about the kinds of breakthroughs that are coming and the kinds of excitement that is going on.

We are delighted to hear from the new Director at the National Institute of their focus on the serious disorders and we would urgently request that the kind of resources needed be made available.

This committee has as we have, focused on schizophrenia, the most devastating and disabling of all mental illnesses and in many ways, the most mysterious. When each patient with muscular dystrophy is receiving about $1,000 in research and each patient suffering cancer is receiving about $300 in research, we are concerned to see only about $14 in research efforts going for the 2 million Americans who suffer schizophrenia.

As Dr. Pardes indicated, perhaps the stigma still attached to these major disorders has even contributed to that lack of priority.

This committee had requested a report on the Institute's long-term plan for schizophrenia research and given that Dr. Frazer has announced the desire to establish what he called the Manhattan project and given that he has reorganized and upgraded the schizophrenia effort to the level of a branch, we are somewhat frankly disappointed that in the response to your request, so little concrete information is made available about how the Institute plans to implement this project.

This is of particular concern to families because mental illness research is not supported in the private sector like that of other chronic illnesses. Fully 90 percent of all the research effort that is made comes through the National Institute of Mental Health. We strongly support the request made by the Mental Health Coalition and the Ad Hoc Committee on Biomedical Funding, to see a dramatic continuation and increase in that effort.

Two other programs are of particular interest to our families. One is the Community Support Program, which the National Institute of Mental Health has been funding for several years. It is a small effort but has been catalytic in many States in focusing on the need for community based programs for those most seriously ill.

Families, as you may know, are providing care now in their homes for fully 60 percent of all those suffering disabling mental illnesses. Families worry about the community's ability to pick up and take care of these folks as family members know they are not immortal and parents will die and will need to see alternatives, otherwise we may see an even more desperate situation with homelessness in our major cities.

Another area that we find as family members essential is clinical training. We need to see more of these funds targeted to train professionals to work with the chronically ill in community settings so that we can get the help we need in creating programs that will work and support our family members.

Finally, as families, we have seen, and as Dr. Pardes pointed out, the enormous kinds of help that research can bring. My own daughter has suffered severe depression. I have been delighted that if she is going to have a serious mental illness, that it be depression because our treatment is so much more available. There is hope. There is productive life. She is able to carry on.

Sadly, for many of our members whose son or daughter or spouse or siblings suffer schizophrenia, this hope is not available.

We ask this committee to press strongly for a high level of support for the NIMH research budget at the amount requested by the ad hoc committee and for a particular and sustained emphasis on those most severely disabling illnesses, especially schizophrenia, a tragedy that we believe can be overcome if the will, the leadership and the resources are made available.

PREPARED STATEMENT

For families who are every day dealing with this tragedy, the war on mental illness cannot come too soon and we look for the victory in our lifetime.

Thank you very much.

[The statement follows:]

STATEMENT OF LAURIE M. FLYNN

This testimony represents the views of the National Alliance for the Mentally Ill (NAMI), a six-year old organization consisting of family members of mentally ill persons as well as mentally ill citizens themselves. And the illness in our organizations's name refers to severe, debilitating, disabling mental illness--notably the schizophrenias and the depressions, including manic depression.

NAMI is composed of self-help groups whose members have come out of the closet to advocate for the seriously mentally ill who, in many instances, are unable to speak on their own behalf. AMI groups provide mutual emotional support to each other and to families struggling with these ancient and dreaded diseases. We support and educate each other in coping and managing the effects of the illness of the mentally sick relative and its impact on the total family. Our anti-stigma vigilance is an important activity in this television culture which, sadly, so often reinforces the myth that violence goes with mental illness. And we advocate for an adequate system of care, so much needed in virtually every state and every community.

NAMI's affiliates now number 597, three times the number of just two years ago. Now present in all fifty states, our phenomenal growth has reached a membership of more than 60,000. We have become truly a nationwide movement whose purpose is no less than to redress the nation's past neglect of seriously mentally ill persons. We are committed to changes necessary to achieve adequate care for every citizen with mental illness. Such care systems will assist mentally ill persons to achieve their highest level of independence and self-care.

We are pleased to offer our views on the President's FY 1987 budget for NIMH, with emphasis on its research program. Our views are contained in a document on funding recommendations for ADAMHA already submitted to this subcommittee. Over 40 national organizations, including the American Psychiatric Association, have endorsed these realistic funding level recommendations. We did not rubber stamp these recommendations; we actively participated with other organizations in agreeing to them. We support them actively and without reservations.

THE NIMH RESEARCH PROGRAM: For the past three years we have asked Congress to war on mental illness. We thank this subcommittee and Congress for the increases since 1985. In pleading for Congressional action we have made the case that seriously mental illness disables nearly 3 million citizens. There is no known cure for these diseases, though medication and rehabilitation therapies improve the daily lives for many of these victims. We have called for a war on mental illness in part because the cost of mental illness, so clearly documented in the 1984 Institute of Medicine study on research on mental illness and addictive drugs, add up to a compelling case for a high national priority for research.

We have made the case for a war on mental illness because the research opportunities in biomedical research, particularly in the neurosciences, ought to be a powerful incentive for a greater federal research investment. A great many high quality research ideas are going begging for lack of money. And we have made the case for a war on mental illness war on mental illness because there is real hope that science will indeed find out what causes the illnesses.

Families in the America of 1986 are the primary care givers because most mentally ill persons live with their families. They endure much fatigue and much pain. The single great hope of every family is that the cure will be found, the cause will be identified and the burden will be lifted while the family lives.

And we call for a war on mental illness because so little is spent for research compared to "respectable" diseases. The number of people diagnosed as seriously mentally ill divided by the research dollars tempts one to conclude that the stigma of mental illness affects even those who apportion medical research dollars. Fourteen dollars for research on schizophrenia, a disease that disables more than two million of our citizens, compared to, say, $300 for cancer or $1000 for muscular dystrophy, borders on a national scandal. It isn't that these other predatory disease are less worthy of the attention they are getting, it is rather that mental illness diseases, which we now know to be brain diseases, are assigned such low priority. All the more significant is the comparative fact that 40% of the research dollars for the physical diseases comes from non-federal sources as against a mere 12% for mental illnesses. The federal investment in research in mental illness is virtually the only investment. It must be continued and expanded.

Mr Chairman, NAMI's interest in the research effort is not casual. Our board of directors has studied the NIMH research portfolio. We have had across-the-table meetings with NIMH's scientists and administrators. Our interest is to support and encourage the good work underway, with the appropriate emphasis on biomedical research .

We have urged -- and Dr. Shervert Frazier himself concurs -- the NIMH to increase significantly its research portfolio on schizophrenia. This Subcommittee has asked pointed questions about the proportion of the research budget assigned to this area and has asked for a report on NIMH's current effort and future plans with respect to schizophrenia. We have seen that report and, frankly, NAMI finds it disappointing. The report concludes:

> The development of a five year budget for schizophrenia research would be problematic at this stage...

But later, this:

> There is a real potential for meaningful progress in schizophrenia research in the next five to ten years, but the public should not be led to expect major breakthroughs in treatment or prevention in the immediate future...

We, the families of schizophrenic relatives, find these conclusions excessively cautious and contradictory. Dr. Frazier has called for a "Manhattan Project" at NIMH on schizophrenia. He has reorganized the agency to better achieve his administrative goals. But this report surely does not suggest the urgency that Congress, the Institute of Medicine Study, and the families of persons afflicted with this awful disease expect.

We know there are disincentives for schizophrenia research.

These include the scientific problems of studying patients while they are medicated, the uncooperativeness of patients and their limited awareness of their illness, the clinical and biological heterogeneity of the diseases, and the lack of specific "markers" for diagnosis and classification.

Mr. Chairman, we realize attracting and holding young scientists to a schizophrenia research career is a paramount problem. The very nature of the disease, the methodologies and approaches to its study, and the settings in which schizophrenia research is performed affect the attractiveness of such a research career, the satisfaction in the work, and the opportunities for career enhancement.

In our lay judgment, leadership and money are essential if the challenge is to be met. It is plain enough that young scientific talent will more readily consider careers in research areas that promise continued funding at realistic levels. Young scientists will be attracted to the best scientists who have enlisted in the challenge and who will make research on the disease respectable. (It is sad to see the stigma associated with schizophrenia has even affected its being chosen as a research career.)

We ask this subcommittee to fund Dr. Frazier's "Manhattan Project" and to monitor its progress. It is going to take an initiative from Congress to get this war on mental illness started. More young scientists will join this work if the nation shows its will and determination to attack this most awful disease. NIMH's research training budget must be increased to provide the incentives -- to send a signal to science professions.

Let me conclude on research. We need greatly to expand NIMH's biomedical research portfolio. But we must also devote research dollars to applied research on treatment outcome, systems of care and efficient and effective service delivery.

Mr. Chairman, these are the questions on which we look to the Congress and to NIMH to provide answers:

1. What are the causes of the illnesses that disable the chronically and severely mentally ill?

2. What sustains the chronicity of these illnesses?

3. What components of treatment and care work for which mentally ill persons in what settings?

4. What kind of care system do we need, e.g., how many group homes, asylum beds, psychosocial centers, etc.?

It is useful to look at the state of mental health care in this nation today. From the 1960s until the 1980s the Federal Government set the shape and standards of mental health through the community mental health centers legislation, through Medicaid and Medicare and the Social Security disability program.

The federal government has largely withdrawn its leadership. Except for the ADAMH block grant and the modest but marvelously successful CSP program, there is very little interest in Washington in community mental health care. The members of the National Alliance of the Mentally Ill are of the opinion that the community mental health care system in this country is in a mess. In no state at this time does an adequate care system exist. And yet more than 90% of all mentally ill persons presently live in the community, among whom many are homeless, but nearly a majority live in the family home.

We have failed to implement even what we know works -- whether we're talking about our failure to change professional practices or our inability to convince governments at all levels and third parties that it is better and less costly over time to provide good community care as an alternative to expensive hospitalization.

The other programs of NIMH, its state and community and educational programs, continue a small federal interest and provide an occasional opportunity for federal leadership. We must not let them be lost to the President's rescission knife or deferral bookkeeping or let them fall into the category of programs the federal government can save money on because they are not important. We are here to tell you that CSP is important, that clinical training can be meaningful if it is redirected to training young professionals in the care and rehabilitation of seriously mentally ill citizens.

The families of mentally ill persons have seen that our relatives can achieve surprising levels of self-sufficiency through rehabilitation kinds of programs. Their quality of life can be enhanced by improvements in medication and programs adapted to their needs while we wait for the hoped-for pay-off flowing from accelerated scientific research.

We end with the plea that this subcommittee protect and enlarge the scope of programs of NIMH against the great pressures to reduce federal expenditures. It is simply bad public policy to do otherwise.

FISCAL YEAR 1987 COALITION APPROPRIATIONS RECOMMENDATION FOR ADAMHA

Alcohol and Drug Problems Association of North America
American Academy of Child Psychiatry
American Association of Chairmen of Departments of Psychiatry
American Association of Directors of Psychiatric Residency Training
American Association for Counseling & Development
American Mental Health Counselors Association
American Nurses Association
American Occupational Therapy Association
American Orthopsychiatric Association
American Psychiatric Association
American Psychological Association
American Society for Adolescent Psychiatry
Americans for Substance Abuse Prevention
Association for the Advancement of Psychology
Association for Specialists in Group Work
Association of Psychiatric Outpatient Centers of the Americas
CareInstitute
Child Welfare League
Corporation for the Advancement of Psychiatry
Council of Graduate Departments of Psychology
International Association of Psychosocial Rehabilitative Services
Mental Health Law Project
National Alliance for the Mentally Ill
National Association of Private Psychiatric Hospitals
National Association of State Alcohol and Drug Abuse Directors
National Association of State Mental Health Program Directors
National Committee Against Mental Illness
National Council of Community Mental Health Centers
National Council on Alcoholism
National Mental Health Association
Therapeutic Communities of America

OVERVIEW

This document reflects the views of a coalition of organizations deeply concerned with the inadequacy of the President's proposed fiscal 1987 budget on people with mental disorders, alcoholism, alcohol or drug abuse problems, and with the impact of the President's proposed rescissions of fiscal 1986 spending. The coalition believes that funding for programs under the Alcohol, Drug Abuse and Mental Health Administration (ADAMHA) is now far too low, and has for some time been critically short of the need. This view is supported by the Institute of Medicine, in its report "Research on Mental Illness and Addictive Disorders: Progress and Prospects":

> "Mental disorders and addictive states, especially when severe or chronic, cause personal, economic, and social upheaval both for afflicted individuals and for those close to them. In the United States alone, conservative estimates suggest that mental disorders and addictions directly afflict 30 to 45 million people and cost $20 billion annually in direct health-care expenditures. They contribute especially to morbidity, using such measures as utilization of long-term care and Social Security Disability, and the indirect costs to society, including lost productivity, social services, and crime control. Overall, yearly direct and indirect expenses total an estimated $185 billion. Costs are especially high for the severe mental problems of childhood, which can produce lifelong debilitation. These data suggest that economic consequences of the disorders under the ADAMHA purview are comparable to those for heart disease and cancer."

Our coalition has analyzed the President's budget and is united in its opposition to these proposals. The President's budget focuses on large reductions in many domestic spending programs, including those of importance to mentally disabled people and those addicted to alcohol and drugs. Some of the most devastating proposals for the ADAMHA budget are the termination of demonstration programs, clinical training initiatives, state planning activities and the elimination of the new Protection and Advocacy program. In addition, the President proposes reductions in research and research training, at a time in our history when significant expansion in these areas is essential to enable us to capitalize on new knowledge about the brain and behavior.

While acknowledging the need to address budget deficits, our coalition does not believe human service programs, including those of ADAMHA, should bear the heavy burden of further cuts. These programs have been pared to the bone already, and Congress must look at alternative means to control the federal deficit.

The recommendations on the following pages would enable the federal government to maintain a leadership in support of ADM programs . . . Research, Services and Training.

We urge the Congress to seriously consider our recommendations as the FY 1987 appropriations process moves forward.

SUMMARY OF RECOMMENDATIONS

ADAMHA

(in $ millions)

	FY '86* Congressional Appropriation	FY '87 Current Services	FY '87 President's Budget	FY '87 Our Proposal
Research				
(NIMH)	214.0	237.0	199.0	272.0
(NIDA)	74.0	82.6	73.0	90.5
(NIAAA)	57.0	63.7	56.6	72.0
Research Training	21.0	22.7	18.5	31.3
Clinical Training				
(NIMH)	19.0	20.0	0	26.0
(NIDA)/(NIAAA)	1.0	1.0	0	2.0
Block Grant	490.0	525.0	490.0	576.0
State Planning	0	0	0	5.0
Community Support	12.5	11.0	0	20.0
Protection/Advocacy	10.0	10.5	0	10.5
Direct Operations	62.5	63.0	58.5	65.6

* prior to Gramm-Rudman sequestration

NATIONAL INSTITUTE OF MENTAL HEALTH (NIMH) RESEARCH

(in millions of dollars)

FY '86	Current Services FY '87	President's FY '87	Our Proposal FY '87
$214.0*	$237.0	$199.0	$272.0

(* 204.7 after GRH)

The National Institute of Mental Health (NIMH) is this country's major funding source for research related to mental health. The President's Commission on Mental Health found that 90% of funding for mental health research emanates from the public sector. The 1984 Institute of Medicine report, "Research on Mental Illness and Addictive Disorders: Progress and Prospects," further documents the dependence of mental health research on NIMH funding and dramatically demonstrates how support for research on mental disorders has never achieved a reasonable level, especially when compared with support for comparably costly physical disorders. The historically inadequate levels of funding apply to support of the research infrastructure (i.e., such investigator-initiated programs as research centers, research scientist and career development awards) as well as traditional project grants and other research activities.

Scientific opportunities over the past few years have been particularly evident in the neurosciences, including behavioral research on understanding attention and memory, basic biochemical processes, the interactions between physiological processes and behavior underlying mental disorders and the effects of stress on the family unit. However, the President's budget seriously cuts back on even the current level of NIMH support nationally, sending a negative signal to research scientists as well as to individuals with mental disorders and their families, at the very time when substantial progress is being made.

Areas of research in which there are substantial opportunities and extensive needs include: application of newly available techniques in neuroscience and molecular biology to the study of schizophrenia and other psychotic disorders; the role of the brain and behavior in relation to Alzheimer's disease and other mental disorders; the study of the mental health consequences of child abuse and neglect; application of the recent advances in psychobiology and behavioral research to disorders of children and adolescents; continued development of new treatments for depressive and manic depressive disorders; early intervention and preventive strategies in a wide range of mental disorders; and the study of the interaction of behavioral and biomedical factors in AIDS.

In contrast to the President's request, our proposal would permit:

- Award of approximately 425 new and competing extramural research project grants, providing needed resources for priority initiatives in schizophrenia, elderly and child mental disorders, and the behavioral factors in the development and treatment of AIDS;
- Award of at least 4 new Research Centers in priority areas such as schizophrenia, child disorders, aging, and neurosciences and funding for the 6 competing renewals terminated under the President's budget;
- Critical increased funding for other research mechanisms such as Small Grants, Research Scientist Development Awards, (which particularly focus on establishing a pool of talented younger investigators) as well as Cooperative Agreements and Contracts;
- Adequate personnel and equipment for the Intramural Research Program.

NIMH COMMUNITY SUPPORT PROGRAM AND OTHER SERVICES DEMONSTRATIONS
(in millions of dollars)

FY '86	Current Services FY '87	President's FY '87	Our Proposal FY '87
\$ 12.5*	\$ 11.0	0	\$ 20.0

(* 11.9 after GRH)

The National Institute of Mental Health (NIMH) Community Support Program (CSP) focuses on the unique problems of individuals with chronic mental illness who are trying to make lives for themselves in the community. Originally designed to serve adults, the program was expanded three years ago to serve children and adolescents who have severe emotional problems. CSP was again expanded in 1984 when P.L. 98-507 charged NIMH with serving homeless and elderly adults with chronic mental illness. Funds are used to stimulate better planning and coordination of state and local programs by providing technical assistance and community based service programs. Success is reflected in the increasing focus of state and local communities on the needs of these individuals, the substantial drop in hospitalization of the target population, the success of demonstration projects and the number of applications to NIMH which continue to exceed available resources.

The President's request is to provide no funds for FY '87. If enacted, it would wipe out this small but effective initiative. The lack of adequate community resources to serve those with chronic mental illness has led to a crisis in many states and contributed to the growing population of homeless people and an alarming growth in the number of teenagers and children, as well as adults, who are committing suicide. Failure to fund CSP demonstration projects will severely curtail the ability of states to overcome the most intractable problems related to this population whose need for assistance grows each year and to better serve deinstitutionalized adults, homeless people with chronic mental illness, children and adolescents with severe emotional problems, and individuals with chronic mental illness who move in and out of the hospital and jail systems. We recommend \$20 million for the Community Support Program and other service demonstrations for FY '87.

The recommended amount is necessary: (a) to continue and expand NIMH services research initiatives on problems of homeless people with chronic and other mental disorders and to continue local demonstration projects for providing services for this hard to reach group ($5 million); (b) to continue demonstration projects on the more effective use and coordination of services for elderly persons who suffer from serious mental disorders ($1 million); (c) to plan and initiate demonstration projects to coordinate services for people with mental disorders who are in the jail and hospital systems ($2 million); (d) to continue state-wide CSP initiatives for adults who have chronic mental illness ($4.5 million); (e) to continue and expand the Children and Adolescent Service System Program (CASSP) for children with serious emotional problems ($6.2 million); (f) to continue to conduct important services system research ($1.3 million). The need for more effective planning, development, coordination, outreach and evaluation of services is not only critical, it is mandatory.

MENTAL HEALTH PROTECTION AND ADVOCACY PROGRAM
(in millions of dollars)

FY '86	Current Services FY '87	President's FY '87	Our Proposal FY '87
$ 10.0*	$ 10.5	0	$ 10.5

(* 9.5 after GRH)

The House and Senate conferees have agreed to (S. 974), the Mentally Ill Persons Protection Act which establishes a protection and advocacy system for persons who have "significant mental illness or emotional impairments" and are residents of facilities providing them with care or treatment. Facilities are not further defined in the bill, but according to the accompanying report include: public and private hospitals, nursing homes, group homes and board and care facilities.

The House version of the legislation passed by a vote of 290-84 on January 30. The Senate passed its bill on June 30, 1985 by voice vote. Given the overwhelming bi-partisan support, the President is expected to sign the bill when it reaches his desk in April.

The program provides funds on a formula grant basis to expand the existing state Protection and Advocacy (P&A) System for the developmentally disabled to investigate complaints of abuse and neglect affecting mentally ill people and pursue administrative, legal and other appropriate remedies. The P&A System in each state must have an advisory board of persons expert in mental health issues, with a majority representation of people who have received or are receiving mental health services and their families. The FY '86 Labor, HHS and Education Appropriations Act included $10 million ($9.57 million after G/R/H sequestration). The President's budget proposes to rescind the FY '86 appropriations and requests no funds in FY '87. We recommend that Congress reject the FY '86 rescission proposal and appropriate $10.5 million for FY '87, the authorization level in the House bill.

Hearings conducted by Senator Weicker in 1983 and 1985 and a comprehensive study undertaken by the staff of his Subcommittee on the Handicapped uncovered a pattern of patient abuse and neglect in public psychiatric hospitals of our nation. Similar problems have been revealed in nursing homes and community facilities caring for persons with mental disorders.

Unfortunately, many of the residents of these institutions have been abandoned or have outlived their closest family members. Their well-being has become dependent, in part, on the availability of trained advocates, knowledgeable about the operations of instutions and the rights of residents, who can investigate and remedy through legal and other advocacy techniques situations of gross negligence and abuse.

With the enactment of S. 974, a P&A System will be developed nationwide, building on the experience of the P&As and providing cost-effective and nonduplicative services. The FY '86 monies, when available, will be used for planning, start-up, and training outreach and direct services. Fiscal year 1987 will be the first full year of the program's implementation and must be funded at the full authorization level.

(in thousands of dollars)

	FY '86		Current Services FY '87		President's FY '87		Our Proposal FY '87	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
NIMH								
Direct Operations	364	$34,675	364	$34,074	364	$31,749	364	$34,074
Research	526		526		526		538	
NIDA								
Direct Operations	175	$16,307	175	$16,976	175	$15,983	180	$18,000
Research	85		85		85		93	
NIAAA								
Direct Operations	110	$11,658	110	$12,135	110	$10,876	125	$13,632
Research	92		92		92		100	

Direct operations activities provide program management of the ADAMHA's research, training and services activities. Adequate staffing and program support are critical for the proper development and implementation of the three Institutes' programs. We are concerned that over the past several years there has been a gradual erosion of funds available for activities which are essential to the support of research in particular. To make full use of its resources, the ADAMHA enterprises must maintain stewardship and oversight over the expenditure of its funds; provide opportunities for its own staff to stay in touch with new developments in the field; and have the ability to disseminate the results of its work. Curtailment of essential travel, publications, and communications expenses can result in the waste or misdirection of tens of millions of dollars.

In contrast to the President's proposal, our proposal would:

- Restore the AIDS research program to the ADAMHA. This program is proposed for transfer to the PHS under the 1987 budget.

- Provide NIMH with needed funds for site visitation and technical assistance to extramural research grantees; critical data gathering activities in the field of mental health statistics and research on delivery systems and health care financing; technical assistance to states and local communities for dealing with the problems of the chronically mentally ill, mentally ill homeless, seriously disturbed children and adolescents and mental disorders affecting the elderly; and research dissemination activities.

- Restore funds to NIDA for prevention and communications activities disproportionately reduced under the recent sequestration order.

- Provide NIAAA with increased funds to maintain program growth and restore postponed initiatives including the National Clearinghouse for Alcohol Information, and high-priority Homeless, Prevention and AIDS-related activities.

FACT SHEET ON MENTAL ILLNESS RESEARCH

Until recently, Federal support for research on mental illness suffered serious erosion in real dollars, shrinking nearly in half between 1967 and 1977. By contrast, funding for research on other illnesses increased at a rate substantially above inflation. While NIH grants were nearly doubling, NIMH grants dropped by about one fourth during the decade of the 1970's.

A glaring gap remains between our national investment in understanding mental and physical illnesses, in spite of the recent bipartisan efforts to put all health research on an equal footing. To repair past damage, we must accelerate mental illness research funding.

The Federal government must shoulder the lion's share of the burden because only 15 percent of the mental illness research dollar comes from private sources, compared to 45 percent of the general health research dollar.

Serious mental illness is a major public health problem: Schizophrenia affects at least 1 percent of the population, major depressive illness 5 percent. Related alcoholism, drug abuse, suicides, homicides and stress-related physical illness loom as major problems for our society.

The costs of mental illness to the U.S. economy are staggering, with at least **$36** billion annually in *direct* care costs, *excluding* alcohol and drug abuse. Schizophrenia alone accounts for 40 percent of all long-term care hospital days, compared to 27 percent for cardiovascular diseases. Moreover, *indirect* costs are enormous, totaling **$67.4** billion. For example, among Social Security Disability benefit days, schizophrenia accounts for 20 percent -- exceeded only by cardiovascular diseases at 27 percent.

In addition to alleviating an incalculable toll in human suffering, research advances in the treatment of mental illnesses have also proven cost-effective. The discovery of lithium for the treatment and prevention of manic-depressive illness has saved more than **$5 billion** in direct care costs alone over the past decade.

Yet the stigma associated with mental illness has traditionally muffled its many victims and their families; while they suffered in silence, advocates for even rare physical illnesses have been able to campaign effectively for research dollars.

The result: On a per patient basis, the Federal research dollar is substantially higher for physical illnesses than for mental illnesses. We spend only 14 research dollars for each patient with schizophrenia and $10 for those with major depressive disorders. This compares to **$161** for multiple sclerosis, **$1000** for muscular dystrophy, and **$130** for heart disease.

While we spend only **$27** million annually on schizophrenia research, diseases of the teeth and gums receive **$46** million, lung diseases **$120** million, and blood diseases **$124** million (**$35** million on sickle cell anemia alone).

One of the most powerful forces countering stigma is the increasing realization that serious mental illnesses, like other illnesses, involve biological as well as psychological factors. Patients and their families no longer feel guilty or ashamed as they begin to appreciate that these problems stem from genetic vulnerabilities and brain chemical imbalances rather than from some kind of moral defect.

The *quality* of contemporary mental health research is reflected in the fact that two recent Lasker awardees and three Nobel laureates are NIMH-supported investigators. The NIMH Intramural program was tied for second place among all the NIH Institutes in a recent survey of the most frequently cited scientific papers.

In spite of rapid and exciting advances in the brain sciences, their translation into a better understanding and treatment of mental illness is being delayed by the mental illness funding gap. Among Institutes that support brain research, NIMH alone has the ability and the motivation to apply the neurosciences to the special complexities of mental illness.

New drugs with fewer side effects can be "engineered" as scientists discover the structure and mechanisms of naturally occuring brain chemical and receptor systems.

PET scanners and a growing armamentarium of other imaging and mapping technologies are opening "windows" into brain activity of living humans, offering potentially powerful research and diagnostic opportunities.

Sophisticated molecular genetics and assay techniques are opening the way to development of tests which could permit early identification and treatment of individuals predisposed to serious mental disorder.

Healthy business enterprises routinely reinvest 4 - 5 percent of their earnings into research and development. Yet we as a nation are investing less and less of our total resources in research -- less and less in our future. As a percentage of our Gross National Product, all R & D has dropped from about 3 percent in the early 1960's to about 2 percent today. This decline has been more precipitous in the area of health. Before the mid 1960's, 2.8 percent of our total health care dollar went to research, compared to only 1.5 percent today. For mental illness, this declining trend has been even more pronounced.

A PROPOSAL

After a thorough evaluation of the needs and opportunities in mental health research, the Institute of Medicine of the National Academy of Sciences last year recommended that funding be increased to $300 million annually in 1983 dollars. The Institute of Medicine report notes that **"had NIMH just kept pace over the past 12 years with increases in the NIH research budget, its research budget would have grown to $312 million by 1984." The Institute's actual research budget in 1985 was $193 million.**

Senator INOUYE. Thank you very much, Ms. Flynn. Senator Burdick?

Senator BURDICK. First of all, I would like to congratulate Ms. Flynn and her organization of families for the tremendously fine job you have been doing. I know something about it personally. You are doing a great job.

Ms. FLYNN. Thank you so much.

Senator BURDICK. I would like to ask you a couple of questions for the record.

How many people in the United States are victims of schizophrenia?

Ms. FLYNN. The best estimates we have are fully 1 percent of the population or somewhere in the vicinity of 2 to 2.5 million Americans suffer from schizophrenia. It is a large population.

Senator BURDICK. You said your organization finds the recent NIMH report on schizophrenia research disappointing. What would you like to see in the future in NIMH research on schizophrenia?

Ms. FLYNN. I think we would like to both applaud their recent stronger focus and urge that they put some greater substance behind it. We really look with interest at the request for a 5 to 10 year budget and a plan to deploy greater resources in the Institute and to encourage greater focus in the scientific community on this disorder. We are very delighted with the words. We have been delighted to sit and discuss with them our concerns. We would like to see now some longer term planning. We would like to see what funds they believe they need, because we are afraid that good research ideas may go begging. They need to show us what they could do and how well they could do it if more funds were available.

Senator BURDICK. When you said disappointing, it was largely because of the funds necessary to provide for the planning?

Ms. FLYNN. Our feeling is that they need to be planning as though those funds were coming. We see it as our job to help them get there. We would like to see a greater focus and a more specific active effort to gear up for what we think is going to be a real war on this major mental illness.

Senator BURDICK. I want to commend you. You have one Senator on your side. I'll tell you that.

Ms. FLYNN. We certainly appreciate it, Senator Burdick. Thank you. Thank you, Senator Inouye.

Senator INOUYE. Thank you very much.

STATEMENT OF DR. ROBERT G. NIVEN, DIRECTOR, SUBSTANCE ABUSE SERVICES, HARPER HOSPITAL, DETROIT, MI

Senator INOUYE. Our next witness is Dr. Robert G. Niven, director, Substance Abuse Services, Harper Hospital, Detroit. Dr. Niven.

Dr. NIVEN. Thank you, Senator, and members of the subcommittee. I am Dr. Robert G. Niven. I am the director of the Substance Abuse Services, Harper Hospital, Harper-Grace Hospitals and the Detroit Medical Center. I am here on behalf of the Association for Medical Education and Research in Substance Abuse [AMERSA].

I want to begin my testimony, which I have submitted to the committee and would ask to be included in the record, by thanking Senator Weicker, yourself, Senator Burdick, and other members of the committee for the support of the efforts of the National Institute on Alcohol Abuse and Alcoholism during the time I was Director and prior to that. Personally and on behalf of AMERSA, I also thank this committee for its support of all biomedical research whether it is done by the ADAMHA institutes, the NIH institutes or others.

I am pleased to be able to appear before the committee and to have this opportunity to express some concerns and to make some recommendations about the future for NIAAA's research and training programs. I am very concerned that NIAAA is not able to fund more of the high quality research applications that it receives, and it receives more and more, higher and higher quality applications every year.

I am also very concerned that research training, which is the only method we really have to assure a continued supply of good researchers in this field, is slowly but surely being decimated. I am concerned that physicians and many other health care professionals are not being adequately trained to diagnose and treat alcoholism and other alcohol-related health problems. Although this situation is improving, I believe there is a real opportunity to readily reverse this adverse situation with the provision of a relatively small number of dollars to the Institute for Clinical Training Activities.

I am also concerned and I have, as you can appreciate, an insider's view very recently that NIAAA is seriously understaffed, particularly in relation to the challenges and opportunities and the total mandates that it faces as this Government's leading organization concerned with alcohol problems.

I urge this committee to consider a modest but, nonetheless, significant increase in funding for the Institute.

As Drs. Begleiter, Erickson, and Pardes have previously noted, there have been really exciting advances made in research on alcohol and alcoholism, alcohol-related health problems in the last few years. I won't go into those in detail. In addition to that, there is in my view a real change in the attitude around this country in the last few years. Society has a much better understanding and appreciation for the magnitude and the nature of alcohol-related problems, and a willingness and readiness to try to do something about them. I really think we should try to capitalize on those two situations.

AMERSA concurs with the professional judgment of the Research Society on Alcoholism, the American Psychiatric Association, and the many other groups and the coalition who are recommending a 1987 funding level for NIAAA of $88 million. In addition, AMERSA certainly supports the proposed budgets for the other ADAMHA institutes which would provide $272 million for NIMH research, $90.5 million for NIDA, and a total of $30.8 million for the research training programs of the two institutes.

I would note, as others have, that these levels are below those deemed really necessary by every expert group that has ever looked at the funding of alcohol research opportunities and needs, but it does represent a modest increase over current funding levels.

This level of funding that we are proposing would allow the Institute to meet funding shortfalls that exist in the administration's request and would include an increase of $15.4 million for research, $500,000 for research training, a relatively small amount of money but one that would be very worthwhile, and $1 million for clinical training.

I also believe and would ask that this committee support an increase in funding of some $2.9 million for the Intramural Research Training Program at the Institute. This program, a relatively new one, which this committee had supported, has been developed into what I believe is the largest, best clinical alcoholism research facility in the world, one that the Institute and I think this Government and the people of this country should be proud of and one that will pay returns if it is appropriately funded. It has a need to upgrade some equipment and it needs this $2.9 million largely to take part with other NIH institutes in the NMR facilities which have been recently developed on the NIH campus.

Last, I would ask that this committee address two issues and provide a small amount of funds for two training efforts, one directed at research training, which I previously mentioned and won't go into in any more detail, but the research training of the Institute is gradually deteriorating over the years. If we do not reverse that, we will pay a big price for that deterioration in exceeding years and generations.

Second, there is a real opportunity and NIAAA does have the authorization to support clinical training. The opportunity to do something to achieve a major change in the training that health care professionals, physicians, and others, receive in their respective professional schools is really ripe.

In November 1985, the National Institute on Alcohol Abuse and Alcoholism, the National Institute on Drug Abuse, AMERSA, in conjunction with the Annenberg Center and with the personal support and participation of Mrs. Ford, jointly convened a meeting out at the Annenberg Center for Medical Education, in which health care leaders, clinical leaders in pediatrics, family practice, internal medicine and psychiatry, achieved a consensus about what physicians in those disciplines and in those specialties of medicine should know and what they should be able to do about alcohol and drug abuse.

The provision of $1 million in clinical training funds for NIAAA and for NIDA would allow for some grants and some contracts to be done, to implement the results of that consensus in health care professional schools around the country and would allow for the expansion beyond the disciplines mentioned into such disciplines as obstetrics and gynecology, emergency medicine, nursing, and other health professional schools. I would strongly urge that the committee support that request.

PREPARED STATEMENT

In closing, I think we all recognize and we can toss around a lot of big numbers, but the bottom line from my standpoint is there is enormous and almost an immeasurable amount of human suffering related to alcohol abuse and alcoholism in this country. I believe that despite the need to balance the budget, that the way to do it is not by cutting back either relatively or absolutely, but by providing a modest increase for the funding of the National Institute on Alcohol Abuse and Alcoholism and the other ADAMHA institutes, because the return on that investment will be enormous.

Thank you very much.

[The statement follows:]

STATEMENT OF DR. ROBERT G. NIVEN

Mr Chairman, and members of the Subcommittee, I am Robert Niven, Director of Substance Abuse Services, Harper Hospital, Detroit, Michigan. I am a member of the National Council on Alcoholism and have recently been appointed to its board of directors. I have also recently been appointed to the scientific advisory board of the Children of Alcoholics Foundation. I was Director of the NIAAA from August of 1983 through 1985. I am a member, and past president, of the Association for Medical Education and Research in Substance Abuse and am representing that group today.

I am pleased to appear before the Subcommittee and to have the opportunity to present my concerns about the future of NIAAA's research and training programs. I am concerned that the NIAAA is not able to fund more of the high quality research applications it receives each year. I am concerned that research training, which is the the only method we have to assure good researchers in the future, is being neglected. I am concerned that physicians and other health care workers are not being adequately trained to diagnose and treat alcoholism and alcohol-related problems. I am also concerned because the NIAAA is understaffed in relation to the challenges and opportunities it faces. As former Director of the NIAAA, I am familiar with the Institute's budget, with its high-quality programs and with the hard choices that have to be made in allocating scarce resources. I would urge this Subcommittee to consider a significant increase in funding for the NIAAA.

This is an exciting time for research on alcohol abuse and alcoholism. The opportunities for productive research have never been greater. A good deal has been accomplished over the past few years and many new areas of research have been opened up. One of the most significant achievements has been the confirmation that heredity is a major contributer to alcoholism in a large proportion of cases. Research is now providing insight into the physiological and molecular basis of this genetic predisposition. I firmly believe that expanded research in this area over the next few years can lead to some remarkable results -- methods of early identification of persons at risk for developing alcohol problems, improved prevention and treatment.

Important findings are being made across a range of topics and the need for a wide diversity of research efforts contributes to the need for a higher funding level. For example, research has found that alcohol effects every major component of the immune system. There is an urgent need to learn more about the relationship of alcohol abuse to infectious disease. There is also a need for expanded research on the efficacy of treatment and prevention methods.

I concur with the professional judgement of the Research Society on Alcoholism, the APA and other groups who are recommending a 1987 funding level for NIAAA of $88.0 million. In addition, I support the professional judgement budget proposed for the other ADAMHA Institutes which would provide $272.0 million for NIMH research, $90.5 million for NIDA research, and $30.8 for the research training programs of the two Institutes.

The level of funding proposed would allow the NIAAA to meet funding shortfalls that exist in the Administration's request and would provide for a moderate level of growth. The recommended funding includes an increase over the request level of $15.4 million for research, $.5 million for research training, $1.0 million for clinical training and $2.3 million for management and support of the extramural programs.

Under the Administration's proposed budget, the number of new and competing project grant awards would be reduced from 100 in 1986 to only 74 in 1987 and these 74 awards would be funded at levels 16 percent below Council-approved levels. The 196 continuation awards will be reduced by 3 percent. This represents a terrible setback for the alcohol research program and its ability to attract high-quality researchers. An additional $7.9 million would provide a more reasonable level for the grant program. It will require $2.2 million just to restore the 270 awards to full funding. The balance of $5.7 million would allow an additional 16 grants and would provide for some special needs such as large treatment assessment projects.

I believe it is also important to allow some growth in other extramural research mechanisms. The Centers program has had no growth over the past few years and in fact, has operated in most years with a substantial shortfall. An additional $3.8 million would allow some needed expansion in the existing Centers and would provide for 2 new Centers to address areas of high priority. An increase of $.8 million in other mechanisms would provide for additional Research Scientists Development Awards, so important in encouraging scientists to make careers in alcohol research, and for additional small grants and contracts.

The Intramural Research program is allowed no growth in the Administration's request, and in fact suffers a program reduction. I believe there are two major needs if this program is to be allowed to meet its potential. First, there is a need to upgrade its equipment, and second, there is a need to more fully develop the new NMR research program. Last year, funds were added to the budget to allow the NIAAA to participate believe that expanded research in this area over the next few years can lead to some remarkable results -- methods of early identification of persons at risk for developing alcohol problems, improved prevention and treatment.

Important findings are being made across a range of topics and the need for a wide diversity of research efforts contributes to the need for a higher funding level. For example, research has found that alcohol effects every major component of the immune system. There is an urgent need to learn more about the relationship of alcohol abuse to infectious disease. There is also a need for expanded research on the efficacy of treatment and prevention methods.

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Senator INOUYE. Thank you very much.

As a former director of NIAAA, can you give us some idea of the magnitude of this problem, alcoholism and alcohol abuse and the people involved?

Dr. NIVEN. I certainly can. Some of the studies that have been done in terms of economic costs, as was mentioned before you joined the committee meeting this morning, in 1983 dollars, a study recently done indicated that the economic costs to society was $116 billion, and that would indeed be over $120 billion per year this year.

In human terms, as Dr. Perrine mentioned, there are conservatively in excess of 100,000 deaths per year due to alcohol-related causes in this country. That is a conservative estimate. At one point a couple of years ago, as the current director of NIAAA, I got engaged in a discussion with another former director, who argued seriously that the number was really 200,000 deaths per year. It is enormous.

There are estimates, and I think very reliable ones, that for every alcoholic in this country or everybody that has a serious alcohol abuse problem, there is an adverse impact, emotional and/or physically, on an additional four people, basically family members who care about that alcoholic.

The cost and the impact of alcohol abuse and alcoholism in our country is indeed enormous by virtually any measure you want to apply.

Senator INOUYE. Is the study of alcoholism or the treatment of the diagnosis of such made part of the curriculum of medical schools and training facilities for health professionals?

Dr. NIVEN. The answer is some of both. The Association for Medical Education and Research in Substance Abuse was formed in the early 1970's, solely for the purpose of getting into medical school curriculums, which amounts to guerrilla warfare really, to try and influence curriculums, particularly with the stigma that does exist and with the absence of knowledge about many of the leaders in medicine about the prevalence of this problem.

We have made progress in getting into the curriculum. The conference I mentioned a few minutes ago and with the support of very visible and sincere people like Mrs. Ford, I think it has given us a major impetus along with the gradual progress we have made over the past 10 to 15 years, to really have some hope of achieving a major increase in the education that physicians and other health care professionals have in their professional schools about these problems. Nursing has done a marvelous job, I think, in gradually getting their nursing students more knowledgeable about alcohol and drug abuse.

We have made progress but we have a long way to go. There is a real opportunity, I think, in the next 2 or 3 years to make a major increase in the education that people get.

Senator INOUYE. How effective are organizations like Alcoholic Anonymous?

Dr. NIVEN. You are asking an interesting question and I will give you a very personal answer. In my view, for people who really try hard to take advantage of the concepts, understand the concepts, and apply the concepts of Alcoholics Anonymous to their recovery program, succeedingly effective.

It is a marvelous organization and I think it has helped hundreds of thousands of alcoholics in this country alone, probably millions—undoubtedly millions—and many millions around the world. And related organizations like Al-Anon, designed to try and help concerned others, similar organizations like Narcotics Anonymous have helped numerous people recover from narcotics addiction. So they are very effective organizations.

And people in them are very supportive, I think, and understanding of the need to do research to try and complement or supplement what these organizations do to help alcoholics.

Senator INOUYE. Thank you very much.

STATEMENT OF THOMAS V. SEESSEL, EXECUTIVE DIRECTOR, NATIONAL COUNCIL ON ALCOHOLISM, INC.

Senator INOUYE. Our next witness is the executive director of the National Council on Alcoholism, Mr. Thomas V. Seessel.

Mr. SEESSEL. Good morning, Senator Inouye.

Senator INOUYE. Welcome, sir.

Mr. SEESSEL. Thank you very much for permitting me to come back this year and thank you, and the fellow members of the subcommittee for the assistance you have given to the alcoholism field in the past several years. We are very grateful for that.

My name is Thomas Seessel. I am the executive director of the National Council on Alcoholism. We are the Nation's voluntary health organization concerned with alcoholism and alcohol-related problems. We have been in existence since 1944. We have a twofold mission: public education and public advocacy in the field of alcoholism and alcohol-related problems.

We receive our support entirely from the private sector, from individuals, foundations, corporations, and our affiliates. And we have 184 State and local affiliates around the Nation. Unfortunately, not one at the moment in Hawaii, but we are working on that.

I would like to introduce our 1985 annual report for your information, Senator Inouye, and we have a written statement that has been submitted that I would like to have introduced into the record.

Senator INOUYE. Without objection, it will be made part of the record.

Mr. SEESSEL. Thank you, sir.

And in the statement, we detail our reasons for supporting a very great increase in the appropriations for NIAAA and the alcohol, drug abuse, and mental health services [ADMS] block grants for alcoholism and drug abuse treatment beyond the administration's request, to keep progress moving in this field and to accelerate the battle that we are all working on to prevent and reduce alcohol-related problems in the United States.

I will not take your time now, Senator, to repeat what is in that statement, but I would like to take a few minutes to tell you why I think this is needed and what I think it will accomplish, especially in terms of the children of the country.

You may notice that on my lapel that says "Say no and say yes to your life." The subject of that is alcohol. This is the slogan for a new campaign our organization has recently launched in cooperation with the private sector, to combat the very frightening increase in preadolescent and adolescent drinking, often beginning now around the age of 9 or 10.

We have worked with the Advertising Council, the pro bono publico arm of the advertising industry, to create radio and television advertising that carries this message, "Say no and say yes to your life" and we have worked also with the Weekly Reader, the Nation's oldest newspaper in the schools, to create a special education package, too. It is now reaching over 100,000 classrooms and nearly 4 million children around the country with the same educational message, "Say no and say yes to your life."

The goal of this campaign is early prevention of alcohol problems.

We are mobilizing the private sector, Senator, to work on this effort. But we need the tools and the insights to biomedical and other sciences to help us work on this problem. We need to do more to identify the genetic factor in alcoholism so that ultimately there is a clinical test to identify risk levels in young children and others for developing alcoholism and other alcohol-related problems.

And we need biomedical and other sciences to help us understand better why certain treatment works better than others and what is it about treatment that does work.

Only the Federal Government can mobilize the resources necessary for this, and we urge you to increase the appropriations, as detailed in our statement.

Alcoholism is a very badly neglected disease and research lags way behind other prevalent chronic and fatal diseases in our society. For example, for every dollar that is spent on research in alcoholism per patient, per case, $209 is spent on cancer. In comparison with other drugs, illicit drugs, alcohol also fares badly.

It is all the more distressing in that four times the number of American families report they are troubled with an alcohol problem as are troubled by any other drug problem. And twice as many people say they have ever drunk too much, as report every having used any amount of an illegal substance.

Put simply, Senator, we are dealing with America's No. 1 drug problem and we must accelerate our efforts to better understand its ideology, its prevention, and its treatment. The price we pay is simply too great, $120 billion a year in economic loss. That is greater than the foreign debt of Mexico and Brazil, to give you an example. And 100,000 lives, as you have just heard, are lost.

The leading cause of death of our young people is alcohol-related accidents. Every 50 minutes an American teenager will die from an alcohol-related accident.

We are very heartened by the recent action of the U.S. Senate, last week, in approving an amendment cosponsored by Senator Weicker that would shift $100 million into the health area, with the clear intent to increase the prevention and education programs in alcohol and drug. And this is a very important step forward.

Just in conclusion, we support a $72 million budget figure for NIAAA research. This is still considerably less than the Institute of Medicine recommendation that would have had it at $100 million by this time. We feel that in this current fiscal climate, it is the minimum that is required to continue making progress in this effort.

PREPARED STATEMENT

Thank you very much, Senator.

Senator INOUYE. Thank you very much. We will place your statement in the record at this point.

[The statement follows:]

STATEMENT OF THOMAS V. SEESSEL

The National Council on Alcoholism is the nation's leading nonprofit health organization working nationwide to prevent and reduce alcoholism and alcohol-related problems. NCA's two major missions are public education and public advocacy. We have 184 state and local affiliate councils on alcoholism which provide information and referral services to families and individuals with drinking problems, and many of these local councils conduct prevention and education programs and involve citizens in grassroots advocacy efforts.

NCA's principal concerns in the federal budget are the research and prevention initiatives of the National Institute on Alcohol Abuse and Alcoholism (NIAAA), and the treatment services provided under the Alcohol, Drug Abuse and Mental Health Services (ADMS) block grant. NIAAA represents the heart of the federal alcoholism effort, as it illustrates the strong, ongoing commitment of the federal government to address a major public health problem while providing funding for research which may hold the key to new and innovative strategies to identify, to treat, and ultimately to prevent alcoholism and alcohol-related problems. The ADMS block grant offers critical federal dollars to augment the nation's public treatment system and lends national leadership to the states by identifying the enhancement of alcohol and drug services for women and prevention initiatives as critical items for federal support.

In 1985, the National Council on Alcoholism published a fact sheet on alcoholism and alcohol-related problems with the cooperation of NIAAA and the National Clearinghouse on Alcohol Information which indicates that 12.1 million adult heavier drinkers have one or more symptoms of alcoholism. In some respects, these numbers represent only the tip of the iceberg of alcohol problems which continue to undermine the nation's health and economy. Alcohol problems cost the nation more than $116 billion annually and recent estimates indicate that alcohol abuse may be responsible for up to 15 percent of the nation's health care costs. Numerous studies have indicated that alcohol is the principal agent involved in major forms of trauma. Injuries kill more Americans aged 1-34 than all diseases combined, and they are the leading cause of death up to age 44. Alcohol use during pregnancy is one of the leading causes of mental retardation and the only preventable cause among the top three. The three major causes of death for young Americans, ages 15-24--accidents, suicides and homocides--are all significantly associated with alcohol. As mortality rates for all other age populations drop while teenage deaths rise, 30 percent of 4th graders report peer pressure to drink alcohol in a 1983 Weekly Reader survey. The high incidence of youthful drinking poses a serious threat to the healthy development of American children. Unlike many other health problems, alcoholism and heavy drinking are also associated with a myriad of other community problems including violent crimes of every description, domestic violence, child abuse and teen pregnancy.

The complexity of alcoholism and alcohol-related health and social problems pose a tremendous challenge to the federal government and its leading alcohol agency, NIAAA. Research needs span a large number of diverse areas including genetics and molecular biology, biochemistry and metabolism, the neurosciences, as well as behavioral and environmental anticedents, incidence and prevalence data collection, and prevention and treatment studies. The needs are great and the resources are limited.

The extraordinary funding limitations on alcohol research are a matter of historical record and need not be reiterated again here. We remain far from our goal of realizing the $100 million NIAAA research budget recommended by the prestigious Institute of Medicine. In fact, the President's 1987 budget request for NIAAA represents a significant retreat from the Institute of Medicine report goals as well as the Congressional committment to enhancing alcohol research reflected by substantial increases in NIAAA appropriations over the last three years.

The 1987 President's request for NIAAA is $68.8 million -- including $56.6 million for research; $1.3 million for research training; and $10.9 million for direct operations. Although this request reflects an increase of $1.9 million, or 2.8 percent over 1986, this small increase must be viewed in the context of the 4.3 percent reduction in NIAAA programming for 1986 under the Gramm-Rudman-Hollings amendment. In this context, the President's request represents a $1.4 million reduction over the 1986 appropriation level before sequestration. The research request would hold the number of new and competing grants at 74, compared to 100 in 1985 and 1986 -- a 26 percent reduction. The research training request is $1.3 million, reflecting a decrease of $.1 million, or 7.6 percent from 1986 (a decrease of 11.5 percent from 1985). The request will support 63 trainees, compared to 69 in 1985 and 66 in 1986. The $10.9 million request for direct operations reflects a net decrease of $.3 million from the 1986 revised figure and a $.8 million reduction from the 1986 appropriation level prior to sequestration.

Unfortunately, this proposed retrenchment in federal support comes at a time when the promise for research findings which might contribute significantly to the alleviation of alcoholism and alcohol-related problems greater than ever. At a time when the interest of scientists in alcohol-related research is stronger than ever before in history, grant opportunities are shrinking and research training monies are reduced. Research is providing increasing evidence that heredity is a major contributing cause of alcoholism in a large proportion of cases. There are important studies under way to analyze the differences among population groups in terms of drinking behavior and the incidence of various types of alcohol problems in order to identify subgroups at higher risk. Relatively new prevention research which explores the way controlling the availability of alcohol can contribute to a reduction in alcohol-related problems offers a fresh and complementary area of study to more traditional biomedical and educational initiatives.

A commitment to federal health research has long been a hallmark of this Committee's work. In this regard, we encourage you to underscore your support for research efforts aimed at the prevention and treatment of alcoholism and alcohol-related problems by appropriating funding for NIAAA activities at levels sufficient to maintain the integrity of the Institute's various functions and to ensure the continued growth of this relatively new research discipline.

The National Council on Alcoholism encourages the Subcommittee Members to appropriate $72 million for the NIAAA's research budget. An appropriation at this level would provide a 15 percent increase in the number of research project grants supported by NIAAA and award 116 new and competing investigator-initiated project grants, an increase of 16 percent over the number awarded in 1986. In addition, this funding level would allow for some expansion of the existing alcohol research centers and fund two new centers on Alcohol and High Risk Populations and Alcohol and Immunology.

We recommend an increase in appropriations for research training to $1.8 million to finance 80 trainees. The Administration has proposed a decrease in this line item even as new scientific avenues of investigation are being explored to answer key questions about the etiology and prevention of alcoholism and alcohol-related problems.

NCA proposes a $1 million appropriation for the NIAAA clinical training program. The import of research findings regarding the identification and treatment of alcoholism depends, in large measure, on the dissemination of these findings to practicing clinicians as well as students in the health and social services professions. Funding for NIAAA's clinical training program has been non-existent for a number of years now, resulting in a critical information gap between researchers and clinical professionals. A $1 million appropriation would offer an important signal to the alcoholism field suggesting a renewed commitment to the importance of clinical training to successfully identifying and treating this illness.

Under the Administration's request, NIAAA would receive only $10.9 million for direct operations. Currently, many NIAAA prevention initiatives as well as collaborations with private sector organizations to disseminate alcohol-related health information to key target populations and to the general public are funded through the direct operations budget. The most substantial reductions in Institute activities, both under the Gramm-Rudman-Hollings amendment and under the President's 1987 request, occur in the direct operations line item. It is precisely in these activities, which nurture important partnerships with the private sector in the generation of public education and prevention activities in local communities, that the efforts of NIAAA are most immediately visible and meaningful to the American public. These cuts threaten to severely curtail that visibility as well as the hope and energy it engenders in individuals, families and communities committed to reducing alcohol-related problems. Moreover, the financing of prevention efforts under the same line item with NIAAA staffing and other basic administrative costs makes little sense as it places valuable prevention activities in competition with the maintenance of NIAAA's basic management and operational functions.

We propose that either a separate line item for prevention and knowledge transfer activities be provided, or that the conference report accompanying the appropriations bill specifically direct the Institutes to refrain from reducing the prevention and knowledge transfer activities by an amount greater than the reduction incurred by the other activities supported by the direct operations line item. Moreover, we strongly recommend an appropriation of $13.2 million for direct operations to facilitate NIAAA's many critical functions.

The President's 1987 request of $490 million for the ADMS block grant is the third consecutive Administration's request to hold federal treatment dollars at this low and stagnant level. Unfortunately, appropriations for the block grant have been held to this level. The 1986 sequestration of funds against the block grant appropriation will result in a decrease of $21,070,000 in discretionary funds available to the states this year. If this information is placed in the context of the 40 percent reduction in federal treatment monies to states when the block grant was implemented in 1980, nothing less than a severe erosion of the publicly-funded treatment network in the nation can be expected. The last reauthorization of the ADMS block grant called for new and expanded services for alcoholic and drug-addicted women, with a federal mandate that states spend 5 percent of their block grant award to implement this provision. We urge the Subcommittee to appropriate $576 million -- the FY 1987 authorization level for the ADMS block grant. The federal leadership which identified alcohol and drug dependent women as a special population in need of increased services must be coupled with a significant fiscal commitment if states are to be responsive to this federal mandate while providing adequate public treatment and prevention services to all individuals in need.

The National Council on Alcoholism joins a host of other alcohol, drug abuse and mental health organizations in our support of the appropriations levels for NIAAA research and the ADMS block grant outlined in this testimony. Our deliberations over recommended funding levels were informed by a recognition of the budgetary constraints facing the Congress at this time. However, NIAAA funded research has categorically proven that the price of treating the alcoholic is far less costly to the government and the community at large than the price of leaving the alcoholic untreated. Research and clinical studies have also clearly shown that early intervention holds greater promise for recovery. Research investigations which suggest a correlation between early onset of alcohol use and a likelihood to experience alcohol related problems hold great import for prevention and education strategies aimed at delaying the age of onset. Our knowledge about alcoholism and alcohol-related problems has grown a hundred fold over the last decade. Federally funded research has offered new insight as well as new directions for further study and aggressive action. We now face the opportunity and challenge of dramatically reducing the toll of alcoholism and alcohol-related problems in our lifetime. A robust alcohol research and prevention effort and a comprehensive public treatment system are certainly key elements to meeting that challenge.

FACTS ON ALCOHOLISM AND ALCOHOL-RELATED PROBLEMS

☐ Alcoholism is a chronic, progressive and potentially fatal disease characterized by tolerance and physical dependency or pathologic organ changes, or both. All are the direct or indirect consequences of the alcohol ingested. (National Institute on Alcohol Abuse and Alcoholism (NIAAA), Fourth Special Report to the U.S. Congress on Alcohol and Health, ed. John R. DeLuca, DHHS Pub. No. (ADM) 82-1080, 1981, p. 36.)

☐ Alcoholism and alcohol abuse occur in every socio-economic group, although the problems may manifest themselves differently across groups. (Congress of the United States, Office of Technology Assessment, Health Technology Case Study 22: The Effectiveness and Costs of Alcoholism Treatment, prepared by Leonard Saxe, Ph.D., et al., OTA-HCS-22, 1983, p.3.)

☐ Alcoholism is one of the most serious public health problems in the United States today. Among the 18.3 million adult "heavier drinkers" (those consuming more than 14 drinks per week) 12.1 million have one or more symptoms of alcoholism, an increase of 8.2 percent since 1980. (NIAAA, Department of Biometry and Epidemiology, 1985, Working Paper: Projections of Alcohol Abusers, 1980, 1985, 1990, prepared by John Noble, pp. 5 and 6.)

☐ Alcohol is the most widely used—and abused—drug in America. In 1981, the equivalent of 2.77 gallons of absolute alcohol was sold per person over age 14. This is about 591 12-ounce cans of beer, 115 fifths of table wine or 35 fifths of 80 proof whisky, gin or vodka. A tenth of the drinking population consumes half the alcoholic beverages sold. (NIAAA, Fifth Special Report to the U.S. Congress on Alcohol and Health, from the Secretary of Health and Human Services, DHHS Publication No. (ADM) 84-1291, 1983, p. xiii.)

☐ Alcohol abuse accounts for approximately 98,000 deaths annually. This includes cirrhosis and other medical consequences, alcohol-related motor vehicle accidents and alcohol-related homicides, suicides and non–motor vehicle accidents. (R.T. Ravenholt, M.D., Addiction Mortality in the U.S., National Institute on Drug Abuse (NIDA), March 1983.)

☐ $116.7 billion was the economic cost to the nation resulting from alcohol abuse and alcoholism in 1983. The economic impact in 1980 (current dollars) was $89.5 billion. (Research Triangle Institute (RTI), Economic Costs to Society of Alcohol and Drug Abuse and Mental Illness: 1980, Henrick J. Harwood, et al., June 1984, pp. G-16 and 7.)

☐ Alcoholism treatment reduces total health care costs. In a study of over 20 million claim records between 1980 and 1983, alcoholic families used health care services and incurred costs at twice the rate of similar families with no known alcoholic members. The average alcoholic's treatment cost was offset by reductions in other health care costs within 2 to 3 years following the start of treatment. (NIAAA, Alcoholism Treatment Impact on Total Health Care Utilization and Costs, U.S. Dept. of Health and Human Services, February 1985, pp. 1, 3.)

☐ Alcohol is known to cause or contribute to other fatal illnesses, including cardiac myopathy, hypertensive diseases, pneumonia and several types of cancer. (Ravenholt, Addiction Mortality, NIDA, March 1983.)

☐ One out of three American adults—56 million Americans—say that alcohol abuse has brought trouble to their families. This is about four times the number of families that say that other drugs have troubled their homes. (P. Regans, ABC News/Washington Post Poll, Survey #0190, May 1985.)

☐ Chronic brain injury caused by alcohol is second only to Alzheimer's disease as a known cause of mental deterioration in adults. Alcoholic mental deterioration is not progressive. If the patient stops drinking, the deterioration is arrested and substantial recovery can occur. (NIAAA, Fifth Special Report, p. xv.)

☐ Children of alcoholics have a four times greater risk of developing alcoholism than children of non-alcoholics. There are 28.6 million children of alcoholics in the U.S. today, 6.6 million of whom are under the age of 18. (Children of Alcoholics Foundation, Children of Alcoholics: A Review of the Literature, 1985, Introduction and p. 2.)

☐ Genetic influence is identifiable in at least 35 to 40 percent of alcoholics and alcohol abusers, and it affects both men and women. People with family histories involving parental alcohol abuse face increased risk. Furthermore, many types of alcohol abuse may exist, each with its own genetic predisposition interacting with a particular environment. (NIAAA, Fifth Special Report, p. 22.)

☐ An estimated 3.3 million drinking teenagers aged 14 to 17 are showing signs that they may develop serious alcohol-related problems. (NIAAA, Third Special Report to the U.S. Congress on Alcohol and Health, 1978, p. 14.)

☐ Recent surveys conducted in the United States indicate that the first drinking experience today usually occurs around age 12, in contrast to ages 13–14 in the 1940s and 1950s. It is no longer unusual for 10–12-year-olds to have serious alcohol abuse problems. (Nancy P. Gordon and Alfred McAlister, "Adolescent Drinking: Issues and Research," in Promoting Adolescent Health (New York: Academic Press, 1982), pp. 201, 203, 210. David W. Brook and Judith S. Brook, "Adolescent Alcohol Use," Editorial, Alcohol and Alcoholism, Vol. 20, No. 3 (Great Britain, 1985), p. 259.)

☐ Since 1966, the number of high school students nationwide intoxicated at least once a month has more than doubled, from 10 percent to more than 20 percent. (Dorothy G. Singer, "Alcohol, Television and Teenagers," Sex, Drugs, Rock 'N' Roll, Yale University Family Television Research Consultation Center (New Haven: 1985), pp. 668, 671.)

☐ Most youth begin to drink in adolescence. A recent study on adolescent alcohol abuse relevant to prevention efforts found that alcohol is the most widely used drug by youth between the ages of 12 and 17. (NIAAA, Fifth Special Report, p. 125.)

☐ About 30 percent of fourth grade respondents to a 1983 "Weekly Reader" poll reported peer pressure to drink beer, wine or liquor. (Weekly Reader Publications, A Study of Children's Attitudes and Perceptions about Drugs and Alcohol, conducted by the Weekly Reader, Xerox Education Publications, 1983, Table 2.)

☐ Of 27,000 New York public school students, grades 7 through 12, 11 percent described themselves as being "hooked" on alcohol. (New York State Division of Alcoholism and Alcohol Abuse, Drug and Alcohol Survey, 1983.)

☐ By ninth grade, more than half (56 percent) of high school seniors responding to a 1982 national survey had tried alcohol. By their senior year, more than 9 out of 10 had done so. (NIAAA, Fifth Special Report, p. xiii.)

☐ Fetal Alcohol Syndrome (FAS) is the third leading cause of birth defects with accompanying mental retardation, and the only preventable one among the top three. The incidence of FAS is approximately 1 in 750 live births, or 4,800 babies per year in recent years. Thirty-six thousand newborns each year may be affected by a range of less severe alcohol-related fetal alcohol effects (FAE). (RTI, Economic Costs to Society, p. B-3.)

☐ Women frequently engage in the high risk practice of abusing other drugs in combination with alcohol. In a 1983 Alcoholics Anonymous Survey, 40 percent of female A.A. members reported addiction to another drug. The number increased to 64 percent for women 30 years and under. (General Service Office of Alcoholics Anonymous, Inc., Membership Survey, 1983.)

☐ In 1984 there were 44,241 highway deaths, of which 23,500 (53 percent) were alcohol-related. (National Highway Traffic Safety Administration, Alcohol in Fatally Injured Drivers—1984, Washington, D.C.)

☐ About 65 out of every 100 persons in the U.S. will be in an alcohol-related crash in their lifetimes. (National Highway Traffic Safety Administration, U.S. Dept. of Transportation, Drunk Driving Facts, National Center for Statistics and Analysis, June 1984.)

☐ Alcohol-related highway deaths are the number one killer of 15–24-year-olds. (Health, United States, 1980, National Center for Health Statistics, Public Health Service, U.S. DHHS Pub. No. (PHS) 81-1232, December 1980.)

☐ Alcohol is a contributing factor in at least 15,000 fatal and six million nonfatal injuries in non-highway settings. (NIAAA, Alcohol Health and Research World, Summer 1965, Vol. 9, No. 4, p. 25.)

☐ Between 400 and 800 boating fatalities annually involve alcohol. Alcohol is implicated in from 65 to 69 percent of all reported drownings. (NIAAA, Alcohol Health and Research World, Summer 1985, p. 28.)

☐ Alcoholics are 10 times more likely to die from fires than non-alcoholics, 5 to 13 times more likely to die from falls, and commit suicide from 6 to 15 times more frequently than the general population. (NIAAA, Fifth Special Report, pp. xix and xx.)

☐ Drinking is estimated to be involved in about 50 percent of spouse abuse cases and up to 38 percent of child abuse cases. (NIAAA, Fifth Special Report, p. xx.)

☐ Fifty-four percent of jail inmates convicted of violent crimes were drinking before they committed the offense. Sixty-two percent of those convicted of assault had been drinking. Forty-nine percent of those convicted of murder or attempted murder had been drinking. (Bureau of Justice, Statistics Survey, 1983.)

☐ Between 2 and 10 percent of people 65 and over experience some type of alcohol-related problem. Approximately 25 percent of the 65-plus population is on some form of medication. By most measures, older people consume more medication than any other age group, putting them at high risk for drug and alcohol interaction. (NIAAA, Alcohol Health and Research World, Spring 1984, Vol. 8, No. 3, pp. 4 and 6.)

Senator INOUYE. Has your organization taken any position on TV and radio advertising of alcoholic beverages?

Mr. SEESSEL. Yes, sir; we support H.R. 2526, Representative Seiberling's bill in the Congress, which would require broadcasters of beer and wine ads to donate an equivalent amount of free public service air time for health and safety warnings. We think that this is a tremendous influence on drinking practices. Over $1 billion a year in advertising is spent on radio and TV now.

The overwhelming image of the product, that you get from these messages is the favorable one, the good news side of alcohol. We think there is another side of the story, the bad news side that the public, for health and safety reasons, needs to understand. That is why our organization is supporting this bill.

Senator INOUYE. Do you think that, alone, will help?

Mr. SEESSEL. No, sir; not alone. I think we need many, many different measures. But we think this is a very important component of an overall strategy to reduce and, ultimately, we hope, prevent alcohol-related problems.

Senator INOUYE. There is a myth that beer is safe but hard liquor is bad. Is that correct?

Mr. SEESSEL. It is correct, there is a myth. That has been very carefully nurtured and developed since Prohibition. It is detailed in the memoirs of Edward Bernaise who was called by many the father of public relations, if you want to read his book from 1961. It tells the story of how, as a public relations counsel to the Brewer's Association, he helped to create that myth that I think still persists.

The myth is carried over and reflected, as you are aware, I am sure, in public policy, in terms of Federal excise tax rates. The alcohol contained in spirits is taxed at 17 times the rate of alcohol contained in wine and four times the rate of alcohol contained in beer, which I think—as you are suggesting—perpetuates the myth that somehow alcohol in those beverages is less potentially harmful than alcohol contained in spirits.

For this reason, we and others are supporting an equalization of Federal excise tax rates, on beer and wine, up to the level of liquor, spirits.

Senator INOUYE. I wish you luck, sir.

Mr. SEESSEL. Thank you.

Senator INOUYE. I thank you very much.

Mr. SEESSEL. Thank you, Senator.

STATEMENT OF CYNTHIA H. NULL, EXECUTIVE DIRECTOR, FEDERATION OF BEHAVIORAL, PSYCHOLOGICAL AND COGNITIVE SCIENCES

Senator INOUYE. Our next witness is Dr. Cynthia Null, the executive director of the Federation of Behavioral, Psychological and Cognitive Sciences. Dr. Null, welcome.

Ms. NULL. Thank you.

As you mentioned, I am Cynthia Null, and I am testifying today on behalf of the federation, which is a coalition of 13 scientific societies, and also on the American Psychological Association, our largest member.

Thank you for the opportunity to comment on the NIH fiscal year 1987 appropriation.

Senator Inouye, I know we share the belief that maintaining a strong Federal role in basic research is important to the Nation, even as Congress is taking major steps to reduce the Federal deficit. Neglecting basic research this year means fewer gains in subsequent years. We will not be able to remedy this deficit in knowledge by increasing research spending at a later time.

Good research requires attracting good people to work on important problems, training new researchers, obtaining basic results, and working out their application. None of this can be done quickly. The investment must be made now.

Basic behavioral science research is critical in improving the health of our Nation's people. Today I will briefly mention behavioral research at NIA and NICHD. With more time I could point to important behavioral research at other institutes as well. Additional examples are in our written testimony.

The population of those over the age of 75 increased by 40 percent in the 1970's and continues to increase. Given the blessing of longer lives, the important question becomes how healthy, active, and independent will our lives be?

We make a mistake by not examining vision within the context of every day activities. The standard eye chart tests may be a good measure of visual acuity under idealized examination conditions. But even an elderly person whose vision has been properly corrected, using an eye chart, may fail to see even large objects under certain lighting conditions because lighting conditions are an important part and their importance increases with age.

For the elderly, nothing is more terrifying or life-altering than Alzheimer's disease. Behavioral scientists are an important part of the National Institute on Aging's extensive research on Alzheimer's disease, measuring cognitive decline, developing early detection techniques, and investigating causes and treatment.

Children are our research. Research sponsored by NICHD has improved our understanding of both normal and abnormal development. Currently, the field of cognitive development is enjoying a period of unprecedented growth. Let me highlight a few areas of interest.

An important distinction is being made between having knowledge and using it, in problem solving, thinking, and every day life. Research is needed on the cognitive development, not only during infancy, but also during adolescence. Research is needed.

NICHD has sponsored research on vision during infancy. This research should be continued and extended into childhood and adolescence. Research on other senses, including pain, taste, hearing, smell, and touch, is important to be pursued throughout childhood and adolescence.

In another area of great concern, research must continue on the effects of drug use, alcohol consumption, and smoking during pregnancy on the behavioral development of our children.

Important research must continue on infants born at risk. One such risk is sudden infant death syndrome [SIDS] which kills about 7,000 infants yearly. Research is needed which would test hypotheses, stemming from a closer consideration of psychological and environmental influences that may be implicated in SIDS.

Senator, we wish to commend the leadership you and this committee are taking in health and behavior research areas. Research designed to explore the relationships between behavior, the nervous system, and the immune system is in its infancy but is one of the most exciting areas in recent years.

We are very disappointed in the administration's fiscal year 1987 budget request for NIH. We are sympathetic with deficit reduction efforts, however we believe that the health of the people of this Nation is too important to have the research at NIH cut so drastically.

We are, of course, concerned about the approximately 3 percent of the NIH budget which goes toward behavioral and social science research and we hope that this will not be cut. And in fact, it should be increased.

Having established the importance of behavior in health, it is critical that NIH place a stronger emphasis on behavioral and social science research. We caution you not to deplete the mine of knowledge needed to keep this Nation strong. It would indeed be shortsighted to create additional deficits for the next generation, while attempting to solve the budget deficit.

Let us not leave our children with a deficit in scientists, a deficit in knowledge, a deficit in basic research. We must have a strong foundation on which to build, stronger than just a balanced budget. We know you face difficult decisions in the days ahead, but we urge—for the fiscal year 1987 NIH budget—the rejection of the President's reductions in funding for health research, sufficient funds to support 6,500 new and competing awards at NIH, the level of congressional intent in fiscal year 1985, additional funding for research training and continued support for health and behavior research.

Thank you.

Senator INOUYE. Thank you, very much.

During our studies, we have learned that we spend about 50 cents per person for prevention and about $1,440 per person for curative medicine.

What is the ratio, if you do know, in the mental illness side of the coin? How much do we spend on prevention?

Ms. NULL. I do not remember the exact figure, something like—oh, on prevention? I am sorry, I do not really remember it, off the top of my head.

Senator INOUYE. I have been listening—not throughout the morning—but during the period I have been here, and no one has spoken about prevention. Is there not any way you can prevent some of these things from occurring?

Ms. NULL. We are hoping that we will be able to find ways of preventing some of these things. I think that takes more research and a greater commitment.

PREPARED STATEMENT

Senator INOUYE. Well, we stand ready to help you, ma'am.

Ms. NULL. Thank you.

[The statement follows:]

STATEMENT OF CYNTHIA H. NULL

Mr. Chairman and members of the Subcommittee, I am Dr. Cynthia H. Null, Executive Director of the Federation of Behavioral, Psychological and Cognitive Sciences. I am testifying today on behalf of the Federation, a coalition of 13 scientific societies with combined memberships of over 90,000. The Federation's interests include researcn on behavioral, psychological and cognitive processes and their physiological bases and its application to education, health and human development. Today, I am also testifying for the American Psychological Association, one of our member associations. Thank you for the opportunity to comment on the FY87 appropriation for the National Institutes of Health.

Behavior is a key factor in successful health promotion and in disease prevention. Two reports, "Healthy People" by the Surgeon General and "Health and Behavior" by the Institute of Medicine, document that 7 of the 10 leading causes of death are in large part behaviorally determined. Both reports contain recommendations concerning the influence of life-style and diet on the incidence or prevention of illness. Basic behavioral science research is critical to improving the health of our nation's people.

It is important to the nation to maintain a strong Federal role in basic research even as the Congress is making major steps to reduce the Federal deficit. Research results cannot be bought on a short time scale. Neglecting basic research this year means fewer gains in subsequent years. We will not be able to remedy this deficit by increasing research spending at that later time. Good research requires attracting good people to work on important problems, training new researchers, obtaining basic results and working out their applications. None of this can be done quickly; the investment in ideas, methods and applications must be made now. That is why it is important for the government to maintain and enhance, wherever possible, its support for basic research.

In this testimony I will focus on behavioral science research at the National Institute of Aging (NIA) and at the National Institute of Child Health and Human Development (NICHD), although important behavioral science research is and must continue to be funded in other institutes as well. I will also discuss the health and behavior initiative at NIH. I will close with a discussion of the Administrations's proposed FY87 budget.

National Institute of Aging

In December 1985, Dr. Carl Eisdorfer discussed aging research at the Federation's Science and Public Policy Seminar. He dramatized the need for continuing such research by telling us:

- The fastest growing parts of the U.S. population, proportionately, are the oldest parts. The over 75 are the very fastest growing part, and they continue to grow fast.
- In the 1970s alone, we have had a 40% increase in the over 75 population.
- The over 75 group is currently 11.5% of the population. In the year 2020 they are projected to be at least 20%, which would be 40-50 million people.
- Projections are we will go from 1 1/2 million patients with dementia today to about 8 1/2 million patients with Alzheimer's and related dementias in the middle of the next century.

Given the blessing of longer lives, the important question becomes how healthy, active and independent our lives will be. Research being funded by NIA will play a major role in shaping the future of our nation's older population.

Recent research suggests that intellectual decline associated with aging can often be slowed or reversed by relatively simple training interventions. Although the standardized eye chart may be a good measure of visual acuity under idealized examination conditions, an elderly person may fail to see even large objects under certain lighting conditions. Thus visual perception must be scrutinized within the context of everyday activities.

Age does not affect all senses similarly. It tends to dull the capacity to taste low concentrations of sweet, sour, salt and bitter, but the ability to taste moderate levels remains remarkably functional. The discovery that substances such as caffeine increase taste acuity means that the saltiness of food could be enhanced without increasing the amount of dietary salt. These findings point to intervention strategies that would help to maintain older persons' appetites for food and thus their nutritional status.

Research repeatedly shows that people tend to become slower at most behavioral activities as they grow older. However, no age trend has been found in typing speeds despite substantial age-related decrements in reaction times. Additionally, increased experience tended to compensate for any age-related loss of speed.

Behavioral geriatrics research seeks to understand how health behaviors and attitudes are acquired and their interaction with biological processes to promote or inhibit good health as people age. Research seeks to understand how the elderly utilize formal health care, comply with medical regimens, interpret symptoms and approach death. Research is needed to examine the potential of modifying social environments to enhance health and functioning.

For the elderly, nothing is more terrifying and life altering than Alzheimer's disease. Behavioral scientists are an important part of NIA's extensive research on Alzheimer's disease. Some areas of research include measuring cognitive decline in Alzheimer's patients, developing early detection techniques and psychophysiological research into causes and treatment.

The report of the HHS Departmental Task Force on Alzheimer's disease set forth a large agenda of "promising directions for future research ... built upon a foundation of basic and applied research in all the biological, clinical, behavioral, and social sciences ...." Reductions in funding at NIA are not consistent with the need for research in this area and the potential benefits.

National Institute of Child Health and Human Development

Children are our future. Insuring that they are born healthy and have the opportunity to achieve their full potential is the mission of NICHD. Research sponsored by NICHD has improved our understanding of both normal and abnormal development.

Currently the field of cognitive development is enjoying a period of unprecedented growth. Research has revealed that babies respond to objects and events and to relationships between objects and events. Infants have an understanding of size and depth and are able to navigate through their environment by using their spatial knowledge. They also appear to be sensitive to emotional expression in others. Infants are aware of not only the existence of objects in a scene but their number. Such work holds promise for gaining an understanding of knowledge development.

During the past two decades much has been learned about the visual capacity of human infants. Research has provided detailed information on the development of visual acuity and on pattern, space and color perception. The methods used to develop this knowledge can also be used to diagnose visual pathology and evaluate early treatment.

At a Science and Public Policy Seminar sponsored by the Federation, Dr. Frances Horowitz discussed some of the important ongoing research on infants born at risk. Children who start life differently, behave differently. These different behaviors tend to elicit from parents different kinds of behaviors than normal infants elicit from their parents.

A greater understanding of normal development is essential for increasing our understanding of at risk and abnormal development. Understanding how the environment works and what makes a difference in the normal environment will give us our most powerful set of keys to ultimately helping at risk infants, according to Dr. Horowitz.

Health and Behavior

Mr. Chairman, we wish to commend the leadership you and this Subcommittee are taking in the important and promising research on health and behavior. Behavior has been linked to many health problems including cancer and heart disease. Health-impairing behaviors such as smoking, poor nutrition, heavy drinking, lack of exercise, failure to comply with treatment and delay in seeking medical care are all linked to serious disease. Stress has been linked to physical illness as well.

In recent years there has been a growing awareness that the failure of patients to adhere to prescribed medical regimens is probably the single greatest problem in bringing effective medical care to individual patients.

Increasing evidence shows that prevention and behavioral medicine could significantly reduce morbidity and mortality from most leading causes of death. An important priority for research is the integration of behavioral and biomedical knowledge in a way that elucidate the mechanisms underlying the interrelationships between behavior and physiological processes.

FY87 Appropriations

The Administration's FY87 budget request for NIH is $424 million below the FY86 appropriation level. Although we are sympathetic with deficit reduction efforts, we believe that the health of the people of this nation is too important to have research at NIH cut so drastically. We are, of course, concerned that the approximately 3% of the NIH funds which go to support behavioral and social science research should not be cut; in fact they should be increased. Having established the importance of behavior in health, it is critical that NIH place a stronger emphasis on behavioral and social science research.

We strongly support 6,500 new and competing awards at NIH. We are disappointed with the Administration's attempt to reduce the number of awards by setting the total number of grants at 18,000, of which 5,140 would be new awards and 12,860 would be continuations. By proposing to reduce the number of grants, the Administration is taking an action that will seriously disrupt the Nation's long-term research capacity and dim our hopes of reaching national goals of a healthier American population.

NIH research training funds available in FY86 will fund approximately 9950 trainees. The Administration's FY87 budget will fund only 9250. We urge the Subcommittee to increase this proposed funding for research training and not to allow the number of trainees to be reduced.

Conclusions

We know you face difficult budget decisions in the days ahead, but we caution you not to deplete the mine of knowledge needed to keep this nation strong. We share with you a strong concern for consistency of funding for health research by the Federal government. It is important to the training of future generations of scientists, the treatment and prevention of illness, the birth of healthy and wanted babies, increased functioning of the elderly and the improvement of the health of the people of this nation. We are grateful for the continued support of this Subcommittee, and we urge for FY87:

- rejection of the President's reductions in funding for health research,
- sufficient funds to support 6500 new and competing awards,

- additional funding for research training, and
- continued support for the health and behavior research.

The Federation thanks the Subcommittee for their continued support for health research and for giving me this opportunity to share our views with you and the Subcommittee. Please do not hesitate to call on the Federation if we can be of further assistance.

STATEMENT OF ELEANOR KOHN, NATIONAL MENTAL HEALTH ASSOCIATION, PUBLIC POLICY COMMITTEE

Senator INOUYE. Our next witness is Ms. Eleanor Kohn, member of the National Mental Health Association Public Policy Committee. Welcome, ma'am.

Ms. KOHN. Good morning. I am Eleanor Kohn of Danbury, CT, and I am here once again representing the National Mental Health Association, which constitutes approximately 1 million members across the country.

Today I am going to pull a switch, Senator. Ordinarily, we come here asking for things. Today I am coming here and I am going to give you some things. One thing I would like to give this committee is membership in the National Mental Health Association, membership cards. I hope the staff will circulate them. We are giving this membership to this committee in gratitude really for all the committee has done over the years on behalf of the people we are most interested in.

We think you have been extremely effective advocates. We are hoping you are going to continue your leadership.

I listened hard to what Senator Weicker was saying about the need to stir up people around the country in reference to health, education, and welfare issues. That is one of the things we are trying to do. We admire the fact that you are providing leadership in Congress, in trying to do the same thing. We hope you will continue.

As a matter of fact, we are giving you this membership and there are no strings attached. You don't have to pay any dues and you don't have to come to meetings and I am not even going to solicit you for our capital campaign. We are only going to ask you to continue the job that you have been doing, and that is to bring to the consciousness of this administration and the public the issues we are concerned about.

We are also here to give you some additional data that might help you to do that job. You have our written testimony. You asked about prevention issues. I would like to let you know, if you don't already know, that the mental health association has recently completed a prevention report from which I think you might find some of the figures you were looking for. I suspect your staff has it. If not, we certainly can make it available to you.

The one thing we would like to add to our written testimony has to do with the fiscal year 1986 supplemental appropriations bill. We are asking for this committee to reprogram $200,000 from the protection and advocacy services appropriation, in order to have that used by the National Institute of Mental Health for technical assistance to the developmental disabilities protection and advocacy programs.

Those programs have to be set up around the country. They need some technical assistance to enable them to do a reasonably good job.

One of the other things I would like to give you today is some responses to a question that we get all the time, and I suspect that you and your staff people get also, the question is, those mental health do gooders, the programs they are asking for, nobody can argue with that, but where are we going to get the money to pay for it. I have a file that would let you know where some of that money might be available. Let me just bring a couple of items to your attention.

This year the Pentagon asked for or ordered 500,000 special scrambler telephones at a cost of $1 billion. As an aside, I can't understand where 500,000 special scrambler telephones are going to be utilized, if 500,000 people know our military secrets, I think our security system is in serious trouble.

If that request were cut back by about 6 percent, if the Pentagon got 470,000 scrambler telephones instead of 500,000 that they are asking for, that would pay for our entire recommended appropriation for our community support program, for our protection and advocacy program, and for our clinical training program.

I don't think that really is a lot to ask. I think those are the kinds of issues that we are hoping you will provide leadership for.

I would like to bring you up to date on an issue that I bring before this committee every year, and we are back to military marching bands. The administration this year asked for a 4-percent increase in the budget for military marching bands. That would bring that budget up to $154 million. That is three-quarters of the money that we are asking for, that the administration is asking for.

We must be living in an Alice in Wonderland world, when we are talking about telephones that cost $2,000 a piece and 10 blocks from here, there are mentally deranged people sleeping over grates in cold weather. We really can't let that continue. We once again are asking you to continue your advocacy and your leadership in seeing to it that it doesn't happen. We have 1 million people telling you that we are here to help you do that.

Welcome to the mental health association.

Senator INOUYE. Every 2 years, you have an opportunity to make your views known. It comes around about November.

Ms. KOHN. We are very aware.

PREPARED STATEMENT

Senator INOUYE. Every 4 years, you can make it known to the big man. Thank you very much.

[The statement follows:]

STATEMENT OF ELEANOR KOHN

I am Eleanor Kohn of Danbury, Connecticut, and I am here representing the National Mental Health Association. We are a nationwide, volunteer organization dedicated to promoting mental health, preventing mental illness and improving the care and treatment of people with mental disabilities. We represent more than one million citizen members and volunteers concerned with all aspects of mental health and the spectrum of mental illnesses.

Let me begin by quoting from recent public statements which we believe deserve wide circulation because they convey so vividly the essence of the message we are here to present. The first speaker said, "We are all now beginning to understand that the bell tolls for each of us when another American is stricken with one of these dread mental diseases. I remain committed to the fact that you shouldn't be cutting in an area that you haven't even begun to fund right." The second speaker stated, "The budget as presented to us is devastating to the retarded child and his education, to the disabled young man and his being taught a profession, to the young person desiring a college education, to the disadvantaged youngster needing remedial courses, to the elderly and the afflicted as it relates to our research budgets and grants at the National Institutes of Health". The first speaker was Senator Domenici at the National Mental Health Association's annual meeting; the second, Senator Weicker in response to the Administration's budget presentation.

We are keenly aware of and grateful for all that this committee has done to inform the White House, the Congress and the voters of the importance of adequate funding for human service programs but we are deeply concerned that the message is not being heard in all quarters. We are not here to convince this committee that our nation has an ethical responsibility to respond to the human needs of those unable to care adequately for themselves. That would be a case of preaching to the converted. We are here to provide you with additional data to substantiate your requests and to tell you that the members of our Association will support your efforts to assure that those human needs are responded to.

Perhaps it would be helpful to start with some questions. Why, in all the furor and condemnation of international violence, is there so little consideration given to the violence of everyday living faced by the poor and handicapped of whom mentally disabled people represent a large number? Why is the President's support for significant increases in research funding this year limited to research which is khaki colored? Why are the programs and policies which produced the present deficit being protected while domestic programs, many of which have been through five years of reduced Federal outlays, are being targeted for still further cuts?

As advocates for people with mental disorders, we cannot and will not stand quietly by and accept the dictum that all human services must be cut in order to balance the budget. We urge you to continue to provide the leadership that allows high priority programs to grow. When you are asked for justification for your stand, we suggest you refer to a few of the exciting new developments in the field:

1. As the underlying causes of the major mental illnesses are in the process of being unravelled, research is also producing interventions and treatment methodologies which have been refined to the point where significant cost benefits are being realized. In example, before antidepressants were routinely utilized, each year saw 120,000 inpatient beds filled with depressed patients. That figure is down to 19,600 today as a direct result of the antidepressant medications which are proving to be highly effective for the majority of patients. This cutback in the use of inpatient beds saved $2 billion yearly in hospital costs.

These same medications are being used as alternatives to electroconvulsive therapy, formerly the treatment of choice for deeply depressed, frequently suicidal patients. It is estimated that these increasingly effective drugs have reduced to 35-40,000 from 500,000 the numbers of patients requiring ECT. Since the usual course of antidepressant treatment is 85% less costly than that of ECT, the savings in both public and private dollars as a result of these constantly improved drug interventions is obviously substantial. This is to say nothing of the obvious advantages which oral medications have over such invasive procedures as ECT.

2. Brain research is now being recognized as a vital link in understanding the mechanisms of many disease processes. The impact of psychoneurological factors on the exquisitely complex immune system is an area causing scientific excitement. It holds tremendous potential in many areas including that of

providing new leads to the prevention and treatment of such diseases as cancer and AIDS. To cut back funding on this kind of research makes no sense socially, economically or scientifically.

3. Panic disorders and phobias have surfaced as the most frequently reported psychiatric disorder among women and the second most frequently reported among men, except for the 18-24 year old group. Many of its victims are completely housebound, crippled by the disease, non-productive and a financial burden to family and society. The use of new imaging techniques have documented differences in blood flow between right and left brain during attacks and have substantiated brain chemistry involvement.

Although some drug treatment has been previously available, side effects have limited extensive use. Successful research efforts are now underway to develop "designer drugs", medications with limited side effects, designed to treat very specific conditions. As a preliminary step, scientists are now refining a procedure to clone specific receptor sites and eventually produce a model to be used in developing drugs which will fit that receptor perfectly.

4. Imaging technology is also uncovering new information about schizophrenia relating to deficient frontal brain blood flow. Understanding how this deficiency relates to thought impairment in schizophrenics will be a major advance in combatting the disease.

5. A recent survey identified a group of psychiatrically disabled young adults with only a 5% full time, competitive employment rate even though 92% were high school graduates and 50% had attended college. To overcome this shocking waste of training and earning power, psychiatric rehabilitation programs have been designed and implemented for groups like this. These programs are showing marked success in returning formerly hospitalized people to the active work force and to independent living. In addition, the training of staff has been incorporated into the program and similar models are being set up around the country. The benefits of such services to both the economy and the individual are too obvious to need further comment.

6. The most recent study of the costs to society of mental illness put the figure at $54 billion. Even this astounding figure is considered low since the reports notes:

> Potentially, the largest component of economic cost from mental illness is that of reduced productivity .... These costs are potentially of the same magnitude as estimates of reduced productivity due to alcohol abuse. ($50.5 billion) Unfortunately, at the present time, the lack of good data makes it difficult to assess productivity impairments associated with diagnoses of mental illness.

Although I am here to speak primarily about the NIMH appropriation, no advocate can fail to react strongly to the President's recommendations dealing with a broad array of human services which have direct impact on the population about which we are most concerned. Among those programs which we are watching most closely are Social Security Disability Insurance and Supplemental Security Income, Vocational Rehabilitation, Education of Handicapped Children, Medicaid, Social Services and Housing.

The underfunding and cutbacks recommended in many of these programs are blatantly counterproductive and fiscally unsound. It is not only inhumane but also imprudent to attempt to reduce programs which have, as ultimate goals, the enhancement of human potential, the relief of suffering and the reduction of non-productive disabling conditions. The cost, both social and economic, of illness, disability, diminished productivity and crime far outweigh any short term fiscal gains which might be realized from reduced funding.

In example, the President's budget recommendations slashing funding for low income housing of all kinds, including dollars to fund community group homes for people with mental illnesses, will not reduce outlays. Rather, the costs will be compounded with the burden shifting to communities and states. Longer, costly hospitalizations will be necessary for lack of appropriate and less expensive alternatives. There will be burgeoning numbers of homeless people with chronic mental illnesses needing care on an emergency basis. We will see a growing reliance on jails, the legal and social service systems as an expedient, frequently repetitive and most often inappropriate way of responding to a community's need to do something - anything - with its homeless and sick.

Further erosion of mental health services dollars can be expected as states and cities look to replace lost Federal dollars. Since mental health needs are seldom as high on the agendas of state and local governments as roads and bridges, one does not have to be a prophet to recognize that mental health budgets are highly vulnerable. We hope this committee will take the lead in opposing reductions in funding which will take its toll on people most in need.

The choices that Congress has to make may be difficult but we cannot accept the argument that there are no options but to cut indiscriminately and across the board. We know there are many on this committee who reject that solution. We urge you to stand firm in your belief that better ways of closing the federal deficit gap must be found.

. We do not believe it makes sense to ask human services to bear the burden of additional cuts when loopholes in tax laws allow some corporations to get by without paying their fair share. We do not question the need for an adequate and modern defense capability but careless and wasteful spending that enriches defense contractors without improving our military strength cannot be allowed to continue. A casual reading of the daily newspapers points to numerous avenues which bear exploration in efforts to reduce the deficit.

To illustrate - the Pentagon recently ordered 500,000 "secure telephone units" at a cost of $1 billion. Both the cost and the need for 500,000 phones certainly calls for detailed explanations.

An Army memo dated January 1, 1986 reported the expansion of its investigation into exorbitant payments to private firms for movement of military household goods. The Army estimated the excessive payment at $4.5 million with the additional comment that "the figure is understated at this time." I can't help but wonder in whose account that $4.5 million is now resting.

Charges of conspiring to defraud the Government of million of dollars in overruns resulted in indictment of several of the officers of General Dynamics. Despite allegation that the claims were fraudulents, the Navy still paid General Dynamics Corporation $642 million for those cost overruns.

The February 8, 1986 Congressional Quarterly reports that the President is calling for a 71% increase - from $2.7 billion to $4.9 billion - in Star Wars research funding and a drop of 5% - from $5.3 billion to $4.9 billion for research at all the National Institutes of Health. This is hardly a balanced approach.

A March 12, 1986 New York Times headline reads, "Military Back Air-to-Air

Missile Despite Official's Doubts on Tests." The article indicates that the missile costing $5 billion is to be built although "adequate test data about how the weapon would actually perform in combat is lacking."

And finally, to bring you up to date on a budget item which I have brought to your attention in the past: The President is proposing to increase funding for military bands by 4% to $154 million or more than three-fourths of the entire budget recommendation for all of NIMH research!

Should anyone be interested, my file is bulging with additional examples of highly questionable expenditures.

You will find attached our recommendations for the FY 1987 budget. The $272 million research recommendation is a minimal figure when one takes into account the cost benefits which will accrue from increasing our understanding of brain function, behavior and the etiology of the mental illnesses. That these benefits are now recognized as spilling over into the understanding and treatment of what were seen as purely physical illnesses is an additional compelling factor supporting our request. To impede the growth of knowledge by cutting funding is false economy. Let us consider only one illness, Alzheimer's disease. It becomes obvious that the incidence will soar over the next decade given the projected growth of our elderly population. Unless and until cause and treatment can be determined, this disease alone will add millions to Medicare, Medicaid, SSI and numerous other social program costs.

We are asking for $27.6 million in research training and $26.0 million in clinical training funds. We appreciate the ongoing support which Congress has provided for clinical training despite Presidential proposals to terminate the program. There remain large unserved and underserved populations. Federal support for mental health professionals is still vital, especially in view of unanimous evidence that certain populations and geographic areas are underserved, including enormous numbers of senior citizens, children, jailed populations and geographic areas are underserved, including enormous numbers of senior citizens, children, jailed populations and chronically mentally ill living in the community for these groups. We endorse the Congress' continued direction of NIMH (through report language) to focus the program on these targeted areas. Studies by the General Accounting Office (GAO) and the NIMH indicate that where trainees obtain their education and work experience influences where they decide to practice.

Research trainees supported by NIMH have declined steadily at a time when the need for scientists, well trained in newly emerging fields, has grown tremendously. Without stable and adequate funding, there is every indication that research manpower will dwindle to an unacceptable level. If the present promise and pace of NIMH research is to be realized and maintained in the coming decades, we must work to assure the future availability of the research manpower upon whom the nation will depend for the success of that effort.

Our recommendation for reserach training is based on the current research opportunities and needs of the field, and is consistent with the recommendations made by the Institute of Medicine (IOM) in its 1985 report, "Personal Needs and Training for Biomedical and Behavioral Research." At NIMH, the number of research trainees supported has declined over the past six years from a high of 1,350 to a projected 751 under the Administration's FY '87 budget proposal. Our recommendation would support 1,200 research trainees at NIMH, a number consistent with the levels recommended in the IOM report.

The $576 million which we are proposing for the ADAMHA Block Grant and the $5 million for State Planning will help to continue the federal/state/local partnership necessary to coordinate and provide services for a broad population in need. A significant portion of the increased funds would be used by states to provide community mental health intervention services for people with prolonged mental illness who are homeless, including outreach services to locate this population both in the streets and in shelters. The alcohol and drug abuse monies would be used to support the basic service system and expand services to those underserved populations identified by the states and communities.

Our recommendation for coordinated state planning would enable the continuation of planning initiatives in 7 states and the funding of new planning initiatives in several more states. These initiatives, conducted at high levels of state government, specifically address coordinated interagency planning so as to more effectively provide the entire range of services required by people who are seriously mentally ill living in the community. In FY 1985, 7 states received initial funding for such planning initiatives.

While such planning normally requires a 5-year time frame, the Administration's failure to request funding for this program has resulted in a policy decision that the 1985 awards made in 1986 will be one-year grants.

The NIMH Community Support Program and other Services Demonstrations, while small in total dollars, have proven to be highly successful. Demonstration projects have pointed the way to effectively handle many of the most difficult chronically ill individuals. Funds are used to stimulate better planning and coordination of state and local programs by providing technical assistance and community based service programs. Success is reflected in the increasing focus of state and local communities on the needs of these individuals, the substantial drop in hospitalization of the target population, the success of demonstration projects and the number of applications to NIMH which continue to exceed available resources.

Viable alternatives to rehospitalization, to the streets and to the jails are being identified and are proving to be practical and effective. We cannot dismantle a program which is helping states and communities find new solutions to caring for people who do not need and cannot use a hospital setting. The $20 million we are proposing to fund CSP will be a small investment for an expected excellent return.

The recommended amount is necessary: (a) to continue and to expand NIMH services research initiatives on problems of homeless people with chronic and other mental disorders and to continue local demonstration projects for providing services for this hard to reach group ($5 million); (b) to continue demonstration projects on the more effective use and coordination of services for elderly persons who suffer from serious mental disorders ($1 million); (c) to plan and initiate demonstration projects to coordinate services for people with mental disorders who are in the jail and hospital systems ($ 2 million); (d) to continue state-wide CSP initiatives for adults who have chronic mental illness ($4.5 million); (e) to continue and to expand the Children and Adolescent Service System Program (CASSP) for children with serious emotional problems (6.2 million); (f) to continue to conduct important services system research ($1.3 million). The need for more effective planning, development, coordination, outreach and evaluation of services is not only critical, it is mandatory.

Our final recommendation for $10.5 million to fund the Protection and Advocacy program reflects our description of MHA volunteers as community advocates of people with mental handicaps. As such, we know full well the problems of abuse and neglect which can and do develop in the range of facilities caring for these individuals. The present system of public oversight has not been adequate to remedy such shameful mistreatment.

Hearings conducted by Senator Weicker in 1983 and 1985 and a comprehensive study undertaken by the staff of this Subcommittee on the Handicapped uncovered a pattern of patient abuse and neglect in public psychiatric hospitals of our nation. Similar problems have been revealed in nursing homes and community facilities caring for persons with mental disorders.

Unfortunately, many of the residents of these institutions have been abandoned or have outlived their closest family members. Their well-being has become dependent, in part, on the availability of trained advocates, knowledgeable about the operations of institutions and the rights of residents, who can investigate and remedy through legal and other advocacy techniques situations of gross negligence and abuse.

We believe the Protection and Advocacy legislation agreed to by the House and Senate conferees (S. 974) will provide the necessary services and are therefore supporting funding at the full authorization level. The program provides funds on a formula basis to expand the existing state Protection and Advocacy (P&A) System for the developmentally disabled to investigate complaints of abuse and neglect affecting mentally ill people and to pursue administrative, legal and other appropriate remedies. The P&A System in each state must have an advisory board of persons expert in mental health issues, with a majority representation of people who have received or are receiving mental health services and their families.

Thank you for hearing our testimony. Mankind is having to choose between the wonders of science and its terrors and this nation is looking to its leaders to make those choices. We hope our testimony will be of help to you in reaching the difficult decisions you are being asked to make.

SUMMARY OF NMHA RECOMMENDATIONS
for National Institute of Mental Health
(in $ millions)

	FY '86* Congressional Appropriation	FY '87 President's Budget	FY '87 NMHA Proposal
Research	214.0	194.9	272.0
Research Training	18.0	15.8	27.6
Clinical Training	20.0	0	26.0
Block Grant	490.0	490.0	576.0
State Planning	0	0	5.0
Community Support	12.5	0	20.0
Protection/ Advocacy	10.0	0	10.5
Direct Operations	34.7	31.7	34.1

* prior to Gramm-Rudman sequestration

STATEMENT OF TERU MORTON, DEPARTMENT OF PSYCHOLOGY, UNIVERSITY OF HAWAII, REPRESENTING THE AMERICAN PSYCHOLOGICAL ASSOCIATION

ACCOMPANIED BY ALAN KRAUT, EXECUTIVE DIRECTOR, THE AMERICAN PSYCHOLOGICAL ASSOCIATION, LEGISLATIVE AFFAIRS

Senator Inouye. Our next witness is Dr. Teru Morton, representing the American Psychological Association [APA] and the Department of Psychology, University of Hawaii. Welcome, Dr. Morton.

Ms. Morton. Thank you, Senator Inouye. It is a pleasure to see you. I would like to introduce Dr. Alan Kraut, who is associate executive director of the American Psychological Association's legislative affairs.

Senator Inouye. Welcome, Dr. Kraut. Dr. Morton is from the State of Hawaii. I want all of you to take note of that. [Laughter.]

Ms. Morton. Aloha. Indeed, I am associate professor of psychology at the University of Hawaii and currently on leave to serve with the American Psychological Association. I am pleased to testify today on behalf of APA's 87,000 members on the subject of alcohol, drug abuse, and mental health appropriations.

I would like to point out that the levels of funding that APA is recommending are also supported by a coalition of over 40 mental health professional organizations, consumer groups, and others.

I will be summarizing my testimony and focusing on our concerns at the National Institute of Mental Health. I ask that the whole of my testimony be included in the record.

Senator Inouye. Without objection, so ordered.

Ms. Morton. APA and the Mental Health Coalition urge the committee to fund NIMH research at $272 million. This level will allow NIMH to fund 425 new research grants. In contrast, the President's proposal would support only 257 new grants.

The administration's low grant number is part of a new grant stabilization policy. The net effect would be to lower the baseline number of grants for consideration for years to come. This policy flies in the face of Congress' recent efforts to increase NIMH research support and we urge the committee to reject it.

In the area of NIMH research training, APA and the coalition urge the Congress to appropriate $26.6 million. The number of trainees supported by NIMH has declined drastically in recent years. Our proposal would help reverse this trend.

A second and related training concern is the need to increase behavioral science research training at the predoctoral level. A 1985 Institute of Medicine report recommended such an increase and this same committee has endorsed the recommendation in its appropriations report for 2 years now, but still no response from ADAMHA.

Again this year we ask the committee to direct ADAMHA and NIMH to design a policy to implement the recommendations of the Institute of Medicine and of the Congress.

I would also like to address the NIMH Clinical Training Program, a program with which I am personally very familiar, having been a former clinical training director back in Hawaii. APA and the coalition support funding this program at $26 million. Because of past reductions in support of clinical training, Congress has focused this program to provide training for mental health professionals only to work in shortage areas such as the populations of the elderly, children, minorities, the chronically mentally disabled, those in rural areas, and those in our Nation's jails.

The Clinical Training Program has the capacity to respond directly to these needs by requiring students to pay back the Federal Government by working 1 year in a designated shortage area for every year of Federal support.

APA has asked Congress to mandate that as much as 75 percent of all clinical training funds awarded to each profession be obligated with the payback requirement. At present, more than 50 percent of the funds awarded to psychology, nursing, and social work incur such a requirement.

Last year this committee indicated its interest in mandating greater use of the payback requirement and directed NIMH to provide a detailed report on its use and the use of nonpayback or institutional support.

ADAMHA recently provided the committee with this report. We believe the report further substantiates the need for mandating payback. It makes clear that when support goes for nonpayback activities, the relationship between the use of the funds and the program's goals become clouded. The report notes, for example, that in the case of psychiatry, funds are used to train general medical practitioners other than psychiatrists. We do not believe that this was the intent of Congress.

Our proposal to mandate payback would maximize the dollars spent on individuals whose training will require them to work in the shortage areas of concern to the Congress.

Finally, we ask that NIMH be treated equitably in whatever figures emerge from this committee. In the past, NIMH has suffered disproportionate cuts in relation to NIH. For example, not only in terms of numbers of research grants but in other investigator initiated mechanisms, such as the research career development awards, small grants, and research centers. In fact, APA believes that NIMH should receive more favorable funding treatment to address the existing disparity. At a minimum, we ask that NIMH receive equitable treatment in this year's appropriations.

PREPARED STATEMENT

Thank you, Senator, for allowing me to testify for the American Psychological Association.

[The statement follows:]

STATEMENT OF TERU MORTON

Mr. Chairman, members of the Subcommittee, I am Dr. Teru Morton, Associate Professor of Psychology at the University of Hawaii and past director of clinical training. I am currently on leave from the University and am the Administrative Officer for the State Associations Program at the American Psychological Association. I am pleased to testify today on behalf of APA's 87,000 members, on the subject of Alcohol, Drug Abuse, and Mental Health Appropriations. I also want to point out that the levels of funding recommended by APA are supported by a coalition of over 40 mental health professional organizations, consumer groups, and others.

I would like to summarize my testimony and focus on our concerns at the National Institute of Mental Health. I ask that the whole of my testimony be included in the record.

APA and the mental health coalition urge the Committee to fund NIMH research at $272 million. This level would allow NIMH to fund 425 new research grants. In contrast, the President's proposal would support only 257 new grants.

The Administration's low grant number is part of a new grant "stabilization" policy. Its net effect is to lower the baseline number of grants for consideration for years to come. This policy flies in the face of Congress's recent efforts to increase NIMH research support, and we urge the Committee to reject it.

In the area of NIMH Research Training, APA and the coalition urge the Congress to appropriate $26.6 million. The number of trainees supported by NIMH has declined drastically in recent years. Our proposal would help reverse this trend. A second and related training concern of ours is the need to increase behavioral science research training at the predoctoral level. A 1985 Institute of Medicine report recommended such an increase, and this committee has endorsed the recommendation in its appropriation report for two years now -- without response from ADAMHA. In fact, ADAMHA recently proposed a policy for research training that is likely to reduce support at the predoctoral level even further. Again this year, we ask the Committee to direct ADAMHA and NIMH to design a policy to implement the recommendations of the Institute of Medicine and the Congress.

I would like to also address the NIMH Clinical Training Program - a program with which I am personally very familiar. APA and the coalition support funding this program at $26 million.

Because of past reductions in support of clinical training, Congress has focused the program to provide training for mental health professionals only to work in shortage areas, that is, among such populations as the elderly, children, minorities, the chronically mentally disabled, those in rural areas, and in our nation's jails. The clinical training program has the capacity to respond directly to these needs by requiring students to "pay back" the federal government by working one year in a designated shortage area for each year of federal support. APA has asked Congress to mandate that as much as 75% of all clinical training funds awarded to each profession be obligated with a payback requirement. At present, more than 50% of the funds awarded to psychology, nursing, and social work. Only 7% of psychiatry funds do carry the payback obligation.

Last year in report language this Committee indicated its interest in mandating greater use of the payback requirement and directed NIMH to provide a detailed report on its use, and on the use of non-payback, that is, institutional, support.

ADAMHA recently provided the Committee with its report, and we believe the report futher substantiaties the need for mandating payback. The report makes clear that when support goes for non-payback activities the relationship between the use of the funds and the program's goals becomes clouded. The report notes, for example, that in the case of psychiatry, funds are used to train general medical practitioners other than psychiatrists. We do not believe this was the intent of Congress. Our proposal to mandate payback would maximize the dollars spent on individuals whose training will require them to work in the shortage areas of concern to the Congress.

Finally, we ask that NIMH be treated equitably in whatever figures emerge from this Committee. In the past NIMH has suffered disproportionate cuts in relation to NIH, for example, not only in terms of numbers of research grants but in other investigator-initiated mechanisms, as well -- Research Career Development Awards, Small Grants, Research Centers. In fact, APA believes that NIMH should receive more favorable funding treatment to redress the existing disparity. At a minimum, we ask that NIMH receive equitable treatment in this year's appropriations.

Thank you Mr. Chairman.

Senator INOUYE. On the matter of payback, do you believe that there would be just as many applicants for training funds with payback as without payback?

Ms. MORTON. We have had no difficulties at the University of Hawaii in all the years we have had NIMH minority initiation funds. Once we instituted payback, we saw no decrement at all in the number of students enrolling. Indeed, we found that most of our students went ahead out of the University of Hawaii to work in public service populations.

Mr. KRAUT. Senator, from a national perspective, there are as many as 20 to 30 applications per clinical training slot in universities across the country. I don't think the demand will go down if the requirement were made mandatory.

Senator INOUYE. You also pointed out that NIMH is providing funds for medical practitioners other than psychiatrists and that the intent of the law was rather clear. How widespread is this?

Mr. KRAUT. The issue is providing general support for a medical school to provide, for example, lectures on psychiatric issues. Those lectures provide psychiatric information to medical students, the idea in the best of all worlds is those medical students then go on and do psychiatric specialties. We think with clinical training funding short and as sacred as they are, there ought to be a more direct way of making sure that those funds are on an 1 to 1 basis and aimed at people who are actually going to practice in a psychological and mental health area, not just who might practice.

Senator INOUYE. I thank you very much. It is always a pleasure to have you here with us.

Ms. MORTON. Thank you, Senator.

STATEMENT OF KAMAKI KANAHELE, III, ADMINISTRATOR, OFFICE OF HAWAIIAN AFFAIRS, STATE OF HAWAII

Senator INOUYE. Our next witness is the administrator of the Office of Hawaiian Affairs [OHA] of the State of Hawaii, Mr. Kamaki Kanahele, III.

Mr. Kanahele, welcome.

Mr. KANAHELE. Mahalo. Thank you very much, Senator. It is good to sit before you on my very first presentation before this committee, more comfortable for me.

My name is Kamaki Kanahele, III. I am the administrator of the Office of Hawaiian Affairs. Many thanks to Senator Lowell Weicker, chairman of this committee, for inviting the Office of Hawaiian Affairs to testify at this important hearing.

I would like to take this opportunity to introduce our agency and discuss some of the problems that native Hawaiians have been facing.

According to legislation creating the Office of Hawaiian Affairs, it is the principal public agency in Hawaii responsible for the performance, development, and coordination of programs and activities relating to native Hawaiians. It is governed by an elected nine member board of trustees. The trustees must be of native Hawaiian descent and are elected by eligible voters, who must also be of native Hawaiian ancestry. As a result, the OHA trustees are directly accountable to their beneficiaries, the native Hawaiian people.

OHA was created in 1978 by an amendment to the Hawaii State Constitution. The basis for its establishment, however, dates back to our State Admissions Act of 1959, the act creating a public land trust the proceeds of which were to be used for five purposes. One of the purposes was the betterment in conditions of native Hawaiians.

In 1979, the State legislature passed Act 196 to establish the basic structure of OHA. This act, which was subsequently codified as chapter 10, set out the basic purposes, powers, duties, and responsibilities of OHA. For your convenience, a copy of chapter 10 is attached as appendix A.

The law mandates OHA to serve as a receptacle for reparations and to act as a clearinghouse for Federal or State assistance involving Hawaiian programs and projects. OHA is also responsible for advising, informing, and coordinating Federal, State, and county activities relating to native Hawaiian programs.

It is with this role in mind that OHA submits this testimony today.

The poor social and economic conditions of native Hawaiians is well documented in numerous studies, including volumes I and II of the Native Hawaiian Study Commission report, the native Hawaiian educational assessment project report, and E Ola Mau, the native Hawaiian health needs study.

Volumes I and II of the Native Hawaiian Study Commission report, which was mandated by Public Law 96-567, title 3, indicate that native Hawaiians suffer significantly higher unemployment than other residents of the State, higher rates of poverty and incarceration, the highest infant mortality, the lowest life expectancy, higher incidence of cancer and alcoholism, higher rates of respiratory conditions such as asthma, higher rates of personality disorders and mental retardation, and higher suicide rates.

The native Hawaiian educational assessment project report, initially authorized by Congress but funded by a private organization, finds that native Hawaiians have the highest rate of academic and behavioral problems in the schools, lower academic achievement, higher participation rate in social welfare programs, lower rates of enrollment in institutions of higher learning, and higher rates of truancy and dropouts than any other ethnic group in the State.

E Ola Mau, the native Hawaiian health needs study, funded by the United States Department of Health and Human Services, focused on mental health, medical nutrition, and dental problems of the native Hawaiian population. It has also examined the historical and cultural context of native Hawaiian health needs.

In terms of mental health, the study found that the native Hawaiians have higher rates of social problems, including assaultive acts and antisocial behavior, alcohol and narcotics use, child abuse and neglect, and residence in correctional institutions.

The medical section of the study confirmed the findings of the two reports previously mentioned. In addition, it reports that the native Hawaiians have higher rates of congenital abnormalities, underweight infants, chronic diseases such as diabetes, heart disease, hypertension and cancer, teen pregnancy, illegitimate birth, and inadequate prenatal care.

The nutrition and dental section of the study found that the native Hawaiian diet was deficient in protein, phosphorous, iron, vitamins A, C, and thiamine. In addition, native Hawaiians consume too much fats, sugars, and salt. The caries attack rate in Hawaii for permanent teeth among children 6 to 14 years of age is one of the highest in the Nation, and the native Hawaiian children had one of the highest DMF—decayed, missing, and filled—teeth rates.

These statistics clearly show, Senator, that all is not well in paradise. Although our climate may be idyllic, the quality of life for native Hawaiians is not. Native Hawaiians, like other native Americans, have not been able to share in the good fortune of others in their State.

For example, although reports show that the people who live in Hawaii, as opposed to the native Hawaiians, have the longest life expectancy in the Nation. This statistic does not apply to native Hawaiians, who comprise only 19 percent of the State population.

The Office of Hawaiian Affairs strongly supports Federal programs to help better the conditions of all native Americans, who face a myriad of social, physical, and economic problems. It is our hope that you will have a better appreciation of the plight of the native Hawaiians and that you are able to assist us in an effort to alleviate some of the problems that we face in common with our native American brothers and sisters.

For information's sake, Senator, in comparison to minority populations, the black population today in this Nation is approximately 28 million, the Hispanic approximately 16 million, the native American population at a maximum of 4 to 5 million, with the native Hawaiian population in Hawaii today being only 40,000, and we have a population in Hawaii of approximately 1 million.

Your support, therefore, in our behalf for a remnant of a very great Polynesian race would be appreciated, and with great support for all native Americans in this country.

Mahalo nui loa. Thank you very much.

Senator INOUYE. Thank you very much, Mr. Kanahele.

I am certain you know that the chairman of this committee, Senator Weicker, has been in the forefront in assisting native Americans, and especially native Hawaiians. He took a special trip to Hawaii about a year and a half ago just for the purpose of visiting with and investigating the problems of Polynesians. He spent a whole day at Kalaupapa and spent whole days visiting hospitals and such.

I can assure you that this committee is not only sympathetic but is committed to do something about it.

Mr. KANAHELE. Mahalo nui loa, Senator.

PREPARED STATEMENT

Senator INOUYE. We will do our best, sir.

Mr. KANAHELE. My great thanks to the chairman, and especially to you for your many years of support to our Hawaiian people. Thank you.

Senator INOUYE. Thank you very much.

[The statement follows:]

STATEMENT OF KAMAKI KANAHELE, III

Good morning Mr. Chairman and members of the Committee. My name is Kamaki Kanahele III, and I am the Administrator of the Office of Hawaiian Affairs. Many thanks to Senator Lowell Weicker, Chairman of this Committee, for inviting the Office of Hawaiian Affairs to testify at this important hearing. I would like to take this opportunity to introduce our agency and discuss some of the problems that native Hawaiians have been facing.

THE OFFICE OF HAWAIIAN AFFAIRS

According to legislation creating the Office of Hawaiian Affairs, it is the "principal public agency in (Hawaii) responsible for the performance, development, and coordination of programs and activities relating to native Hawaiians." It is governed by an elected nine-member Board of Trustees. The trustees must be of native Hawaiian descent and are elected by eligible voters who must also be of native Hawaiian ancestry. As a result, the OHA trustees are directly accountable to their beneficiaries, the native Hawaiian people.

OHA was created in 1978 by an amendment to the Hawaii State Constitution. The basis for its establishment, however, dates back to our State Admission Act of 1959. The Act created a public land trust, the proceeds of which were to be used for five purposes. One of the purposes was the betterment of conditions for native Hawaiians.

In 1979 the State Legislature passed Act 196 which established the basic structure of OHA. This act, which was subsequently codified as Chapter 10, Hawaii Revised Statutes, set out the basic purposes, powers, duties and responsibilities of OHA. For your convenience, a copy of Chapter 10 is attached as Appendix A. The law mandates OHA to serve as a receptacle for reparations and to act as a clearinghouse for federal or state assistance involving Hawaiian programs and projects. OHA is also responsible for advising, informing and coordinating federal, state and county activities relating to native Hawaiian programs. It is with this role in mind that OHA submits this testimony today.

THE PLIGHT OF THE HAWAIIANS

The poor social and economic condition of native Hawaiians is well documented in numerous studies, including Volumes I and II of the Native Hawaiians Study Commission Report, the Native Hawaiian Educational Assessment

Project Report and E Ola Mau, the Native Hawaiian Health Needs Study. Volumes I and II of the Native Hawaiians Study Commission Report, which was mandated by Public Law 96-565, Title III, indicate that native Hawaiians suffer significantly higher unemployment than other residents of the State; higher rates of poverty and incarceration; the highest infant mortality; the lowest life expectancy; higher incidence of cancer and alcoholism; higher rates of respiratory conditions, such as asthma; higher rates of personality disorders and mental retardation; and higher suicide rates.

The Native Hawaiian Educational Assessment Project Report, initially authorized by Congress, but funded by a private organization, finds that native Hawaiians have the highest rate of academic and behavioral problems in schools; lower academic achievement; higher participation rates in social welfare programs; lower rates of enrollement in institutions of higher learning; and higher rates of truancy and dropouts than other ethnic groups in the State.

E Ola Mau, the Native Hawaiian Health Needs Study, funded by the U. S. Department of Health and Human Services, focused on mental health, medical, nutrition and dental problems of the native Hawaiian population. It also examined the historical and cultural context of native Hawaiian health needs. In terms of mental health, the study found that native Hawaiians have higher rates of social problems, including assaultive acts and antisocial behavior; alcohol and narcotics use; child abuse and neglect; and residence in correctional institutions. The medical section of the study confirm the findings of the two reports previously mentioned. In addition, it reports that native Hawaiians have higher rates of congenital abnormalities; underweight infants; chronic diseases such as diabetes, heart disease, hypertention and cancer; teen pregnancy; illegitimate births and inadequate prenatal care. The nutrition/dental section of the study found that the native Hawaiian diet was deficient in protein, phosphorous, iron, vitamins C and A and thiamine. In addition, native Hawaiians consumed too much fats, sugars and salt. The caries attack rate in Hawaii for permanent teeth among children 6-14 years of age is one of the highest in the nation, and native Hawaiian children had one of the highest DMF (decayed, missing and filled teeth) rates.

CONCLUSION

These statistics clearly show that all is not well in "paradise." Although our climate may be idyllic, the quality of life for native Hawaiians is not. Native Hawaiians, like other native Americans, have not been able to share in the good fortune of others in their state. For example, although reports show that people who live in Hawaii (as opposed to native Hawaiians) have the longest life expectancy in the nation, this statistic does not apply to native Hawaiians who comprise only 19% of the state population. The Office of Hawaiian Affairs strongly supports federal programs to help better the condition of all native Americans who face a myriad of social, physical and economic problems. It is our hope that you have a better appreciation for the plight of the native Hawaiians and that you are able to assist us in an effort to alleviate some of the problems that we face in common with other native Americans.

APPENDIX A

[CHAPTER 10]
OFFICE OF HAWAIIAN AFFAIRS

SECTION
- [10-1] DECLARATION OF PURPOSE
- [10-2] DEFINITIONS
- [10-3] PURPOSE OF THE OFFICE
- [10-4] OFFICE OF HAWAIIAN AFFAIRS; ESTABLISHMENT; GENERAL POWERS
- [10-5] BOARD OF TRUSTEES; POWERS AND DUTIES
- [10-6] GENERAL DUTIES OF THE BOARD
- [10-7] BOARD OF TRUSTEES
- [10-8] ORGANIZATION; QUORUM; MEETING
- [10-9] COMPENSATION; EXPENSES
- [10-10] ADMINISTRATOR; APPOINTMENT, TENURE, REMOVAL
- [10-11] SALARY OF THE ADMINISTRATOR
- [10-12] ASSISTANT; STAFF
- [10-13] APPROPRIATIONS; ACCOUNTS; REPORTS
- [10-13.5 USE OF PUBLIC LAND TRUST PROCEEDS]
- [10-14] BUDGET, AUDITING
- [10-15] ANNUAL REPORT
- [10-16] SUITS

[§10-1] Declaration of purpose. (a) The people of the State of Hawaii and the United States of America as set forth and approved in the Admission Act, established a public trust which includes among other responsibilities, betterment of conditions for native Hawaiians. The people of the State of Hawaii reaffirmed their solemn trust obligation and responsibility to native Hawaiians and furthermore declared in the state constitution that there be an office of Hawaiian affairs to address the needs of the aboriginal class of people of Hawaii.

(b) It shall be the duty and responsibility of all state departments and instrumentalities of state government providing services and programs which affect native Hawaiians and Hawaiians to actively work toward the goals of this chapter and to cooperate with and assist wherever possible the office of Hawaiian affairs. [L 1979, c 196, pt of §2]

[§10-2] Definitions. In this chapter, if not inconsistent with the context:

(1) "Office" means the office of Hawaiian affairs;

(2) "Board" means the board of trustees;

(3) "Administrator" means the administrator of the office of Hawaiian affairs;

(4) "Native Hawaiian" means any descendant of not less than one-half part of the races inhabiting the Hawaiian Islands previous to 1778, as defined by the Hawaiian Homes Commission Act, 1920, as amended; provided that the term identically refers to the descendants of such blood quantum of such aboriginal peoples which exercised sovereignty and subsisted in the Hawaiian Islands in 1778 and which peoples thereafter continued to reside in Hawaii;

(5) "Hawaiian" means any descendant of the aboriginal peoples inhabiting the Hawaiian Islands which exercised sovereignty and subsisted in the Hawaiian Islands in 1778, and which peoples thereafter have continued to reside in Hawaii;

(6) "Beneficiary of the public trust entrusted upon the office" means native Hawaiians and Hawaiians. [L 1979, c 196, pt of §2]

[§10-3] Purpose of the office. The purposes of the office of Hawaiian affairs include:

(1) The betterment of conditions of native Hawaiians. A pro rata portion of all the funds derived from the public land trust shall be funded in an amount to be determined by the legislature for this purpose, and shall be held and used solely as a public trust for the betterment of the conditions of native Hawaiians. For the purpose of this chapter, the public land trust shall be all proceeds and income from the sale, lease, or other disposition of lands ceded to the United States by the Republic of Hawaii under the joint resolution of annexation, approved July 7, 1898 (30 Stat. 750), or acquired in exchange for lands so ceded, and conveyed to the State of Hawaii by virtue of section 5(b) of the Act of March 18, 1959 (73 Stat. 4, the Admissions Act), (excluding therefrom lands and all proceeds and income from the sale, lease, or disposition of lands defined as "available lands" by section 203 of the Hawaiian Homes Commission Act, 1920, as amended), and all proceeds and income from the sale, lease, or other disposition of lands retained by the United States under sections 5(c) and 5(d) of the Act of March 18, 1959, later conveyed to the State under section 5(e);

(2) The betterment of conditions of Hawaiians;

(3) Serving as the principal public agency in this State responsible for the performance, development, and coordination of programs and activities relating to native Hawaiians and Hawaiians; except that the Hawaiian Homes Commission Act, 1920, as amended, shall be administered by the Hawaiian homes commission;

(4) Assessing the policies and practices of other agencies impacting on native Hawaiians and Hawaiians, and conducting advocacy efforts for native Hawaiians and Hawaiians;

(5) Applying for, receiving, and disbursing, grants and donations from all sources for native Hawaiian and Hawaiian programs and services; and

(6) Serving as a receptacle for reparations. [L 1979, c 196, pt of §2]

[§10-4] Office of Hawaiian affairs; established; general powers. There shall be an office of Hawaiian affairs constituted as a body corporate which shall be a separate entity independent of the executive branch. The office, under the direction of the board of trustees, shall have the following general powers:

(1) To adopt, amend, and repeal by-laws governing the conduct of its business and the performance of the powers and duties granted to or imposed upon it by law;

(2) To acquire in any lawful manner any property, real, personal, or mixed, tangible or intangible, or any interest therein; to hold, maintain, use, and operate the same; and to sell, lease, or otherwise dispose of the same at such time, in such manner and to the extent necessary or appropriate to carry out its purpose;

(3) To determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to the office of Hawaiian affairs;

(4) To enter into and perform such contracts, leases, cooperative agreements, or other transactions with any agency or instrumentality of the United States, or with the State, or with any political subdivision thereof, or with any person, firm, association, or corporation, as may be necessary in the conduct of its business and on such terms as it may deem appropriate;

(5) To execute, in accordance with its by-laws, all instruments necessary or appropriate in the exercise of any of its powers; and

(6) To take such actions as may be necessary or appropriate to carry out the powers conferred upon it by law. [L 1979, c 196, pt of §2]

[§10-5] Board of trustees; powers and duties. The board shall have the power in accordance with law to:

✓ (1) Manage, invest, and administer the proceeds from the sale or other disposition of lands, natural resources, minerals, and income derived from whatever sources for native Hawaiians and Hawaiians, including all income and proceeds from that pro rata portion of the trust referred to in section 10-3, of this chapter;

✓ (2) Exercise control over real and personal property set aside to the office by the State of Hawaii, the United States of America, or any private sources, and transferred to the office for native Hawaiians and Hawaiians;

(3) Collect, receive, deposit, withdraw, and invest money and property on behalf of the office;

(4) Formulate policy relating to the affairs of native Hawaiians and Hawaiians, provided that such policy shall not diminish or limit the benefits of native Hawaiians under Article XII, section 4, of the state constitution;

(5) Otherwise act as a trustee as provided by law;

(6) Delegate to the administrator, its officers and employees such powers and duties as may be proper for the performance of the powers and duties vested in the board;

(7) Provide grants to public or private agencies for pilot projects, demonstrations, or both, where such projects or demonstrations fulfill criteria established by the board;

(8) Make available technical and financial assistance and advisory services to any agency or private organization for native Hawaiian and Hawaiian programs, and for other functions pertinent to the purposes of the office of Hawaiian affairs. Financial assistance may be rendered through contractual arrangements as may be agreed upon by the board and any such agency or organization; and

(9) Adopt and use a common seal by which all official acts shall be authenticated. [L 1979, c 196, pt of §2]

[§10-6] General duties of the board. (a) The general duties of the board shall be:

(1) To develop, implement, and continually update a comprehensive master plan for native Hawaiians and Hawaiians which shall include, but not be limited to, the following:

  (A) Compilation of basic demographic data on native Hawaiians and Hawaiians;

  (B) Identification of the physical, sociological, psychological, and economic needs of native Hawaiians and Hawaiians;

  (C) Establishment of immediate and long-range goals pursuant to programs and services for native Hawaiians and Hawaiians;

  (D) Establishment of priorities for program implementation and of alternatives for program implementation; and

  (E) Organization of administrative and program structure, including the use of facilities and personnel;

(2) To assist in the development of state and county agency plans for native Hawaiian and Hawaiian programs and services;

(3) To maintain an inventory of federal, state, county, and private programs and services for Hawaiians and native Hawaiians and act as a clearinghouse and referral agency;

(4) To advise and inform federal, state, and county officials about native Hawaiian and Hawaiian programs, and coordinate federal, state, and county activities relating to native Hawaiians and Hawaiians;

(5) To conduct, encourage, and maintain research relating to native Hawaiians and Hawaiians;

(6) To develop and review models for comprehensive native Hawaiian and Hawaiian programs;

(7) To act as a clearinghouse for applications for federal or state assistance to carry out native Hawaiian or Hawaiian programs or projects;

(8) To apply for, accept and administer any federal funds made available or allotted under any federal act for native Hawaiians or Hawaiians; and

(9) To promote and assist the establishment of agencies to serve native Hawaiians and Hawaiians.

(b) The board shall have any powers which may be necessary for the full and effective performance and discharge of the duties imposed by this chapter, and which may be necessary to fully and completely effectuate the purposes of this chapter. [L 1979, c 196, pt of §2]

[§10-7] **Board of trustees.** The office of Hawaiian affairs shall be governed by a board to be officially known as the board of trustees, office of Hawaiian affairs. Members of the board shall be elected in accordance with chapter 13D, with reference to sections 11-15, 11-25, 12-5, [and] 12-6, and vacancies shall be filled in accordance with section 17-7. [L 1979, c 196, pt of §2]

Revision Note

Bracketed "and" was added.

[§10-8] **Organization; quorum; meeting.** The board, at its first meeting after an election, shall elect from its own membership a chairperson and a vice-chairperson who shall serve a term of two years. Their election shall be immediately certified by the board to the lieutenant governor.

A majority of all members to which the board is entitled shall constitute a quorum to do business. The concurrence of a majority of all members to which the board is entitled shall be necessary to make any action of the board valid; provided that due notice shall be given to all members.

Meetings shall be called and held at the call of the chair or by a quorum, as often as may be necessary for transaction of the board's business. The board shall meet at least once annually on each of the islands of Hawaii, Maui, Molokai, Lanai, Kauai, and Oahu. [L 1979, c 196, pt of §2]

[§10-9] **Compensation; expense.** Members of the board shall be allowed:

(1) Compensation at the rate of $50 a day for each day's actual attendance at meeting;

(2) Transportation fares between islands; and

(3) Personal expenses as provided under section 78-15 while attending board meetings on an island other than the island on which their residence is located.

All payments for compensation, travel, and expenses shall be paid by warrants signed by the chairperson of the board. [L 1979, c 196, pt of §2]

[§10-10] **Administrator; appointment, tenure, removal.** The board by a majority vote, shall appoint an administrator who shall serve without regard to the provisions of chapters 76 and 77 for a term to be determined by the board. The board, by a two-thirds vote of all members to which it is entitled, may remove the administrator for cause at any time. [L 1979, c 196, pt of §2]

[§10-11] **Salary of the administrator.** The salary of the administrator shall be $30,000. The administrator shall be included in any benefit program generally applicable to officers and employees of the State. [L 1979, c 196, pt of §2]

[§10-12] **Assistant; staff.** The administrator may employ and retain such officers and employees as may be necessary, subject to the approval of the board, to carry out the functions of the office. Such officers and employees may be hired without regard to chapters 76 and 77, and shall serve at the pleasure of the administrator. Officers and employees of the office of Hawaiian affairs shall be included in any benefit program generally applicable to officers and employees of the State. [L 1979, c 196, pt of §2]

[§10-13] **Appropriations; accounts; reports.** Moneys appropriated by the legislature for the office shall be payable by the director of finance, upon vouchers approved by the board, or by any officer elected or appointed by the board and authorized by the board to approve such vouchers on behalf of the board. All moneys received by or on behalf of the board shall be deposited with the director of finance and kept separate from moneys in the state treasury; except that any moneys received from the federal government or from private contributions shall be deposited and accounted for in accordance with conditions established by the agencies or persons from whom the moneys are received; and except that with the concurrence of the director of finance, moneys received from the federal government for research, training, and other related purposes of a transitory nature, and moneys in trust or revolving funds administered by the office, shall be deposited in depositories other than the state treasury. Income derived from the sale of goods or services and income from lands and property as described in section 10-3, shall be credited to special or other funds; provided that upon the recommendation of the office, the comptroller shall establish such other separate accounts or special funds for other designated revenues as may be directed by the board or its authorized representative. [L 1979, c 196, pt of §2]

✓[§10-13.5 **Use of public land trust proceeds.**] Twenty per cent of all funds derived from the public land trust, described in section 10-3, shall be expended by the office, as defined in section 10-2, for the purposes of this chapter. [L 1980, c 273, §1]

[§10-14] **Budget, auditing.** The board shall annually submit a proposed budget for the office to the legislature. The office shall be subject annually to government audit. [L 1979, c 196, pt of §2]

[§10-15] **Annual report.** The board shall prepare and make public their annual report which shall include an enumeration of their activities, income, and expenditures during the year. The annual report shall be submitted to the governor and the legislature ten days prior to the convening of each regular session of the legislature. The board shall prepare and submit special reports as may be required by the legislature. [L 1979, c 196, pt of §2]

[§10-16] Suits. (a) The office may sue and be sued in its corporate name. The State shall not be liable for any acts or omissions of the office, its officers, employees, and the members of the board of trustees, except as provided under subsection (b).

(b) In matters of tort, the office, its officers and employees, and the members of the board shall be subject to suit only in the manner provided for suits against the State under chapter 662.

(c) In matters of misapplication of funds and resources in breach of fiduciary duty, board members shall be subject to suit brought by any beneficiary of the public trust entrusted upon the office, either through the office of the attorney general or through private counsel.

(d) In matters involving other forms of remedies, the office, its officers and employees, and the members of the board shall be subject to suit as provided by any other provision of law and by the common law. [L 1979, c 196, pt of §2]

Severability, see L 1979, c 196, §11.

STATEMENT OF JOHN S. GUSTAFSON, VICE PRESIDENT FOR DRUG ABUSE ISSUES, NATIONAL ASSOCIATION OF STATE ALCOHOL AND DRUG ABUSE DIRECTORS

Senator INOUYE. Our next witness is the vice president for drug abuse issues of the National Association of State Alcohol and Drug Abuse Directors [NASADAD], Mr. John S. Gustafson.

Mr. GUSTAFSON. Good afternoon, Senator Inouye.

Senator INOUYE. Welcome, sir.

Mr. GUSTAFSON. Thank you.

I am John Gustafson, and I am a deputy director with the New York State Division of Substance Abuse Services, and I am pleased to appear before the subcommittee this afternoon representing the National Association of State Alcohol and Drug Abuse Directors, NASADAD. I serve with this organization as a vice president for drug abuse issues.

NASADAD is an organization that represents the single State agencies responsible for planning and directing drug abuse prevention and treatment services at the State level nationwide. These State agencies have been in existence in many cases since the early 1950's.

PREPARED STATEMENT

In the interest of time, I ask that my formal written remarks be admitted to the record.

Senator INOUYE. Without objection, so ordered.

[The statement follows:]

STATEMENT OF JOHN S. GUSTAFSON

I am John S. Gustafson, a Deputy Director of the New York Division of Substance Abuse Services. I am pleased to appear before you today as a representative of the National Association of State Alcohol and Drug Abuse Directors on which I serve in two capacities - as the Vice President for Drug Abuse Issues and as Co-Chairperson of the Legislative Committee.

The National Association of State Alcohol and Drug Abuse Directors (NASADAD) is a non-profit organization comprised exclusively of the directors of the officially designated Single State Agencies for Drug Abuse Prevention and the State Alcoholism Agencies. These State agencies have the responsibility to plan and administer a statewide system of alcohol and/or drug abuse prevention and treatment services.

INTRODUCTION

The Chairman and Members of the Subcommittee are already familiar with the range, complexity and seriousness of the problems which result from alcohol and drug abuse. These problems impact on every sector of our society, transcending socioeconomic levels, race, age and sex. Overall, yearly direct and indirect expenses of these illnesses total an estimated $176 billion based on such facts as costs related to reduced productivity, mortality, treatment, crime, motor vehicle crashes and property loss. The estimated costs per capita in 1983 were $499 per person for alcohol abuse and $255 per person for drug abuse. These staggering costs do not take into account the personal suffering and individual tragedies which arise from these problems.

Alcohol is involved in 100,000 deaths annually in the United States and is strongly associated with traumatic injuries, the leading cause of death and disability for persons under 44. About one-third of Americans have used an illegal drug. Approximately two-thirds of our nation's youth have tried an illegal drug before they graduate from high school. In a survey recently conducted by NASADAD it was determined that the number of drug client admissions for cocaine addiction increased by an alarming 48 percent during the most recent one year period for which statistics are available.

And yet, even with these alarming statistics and the heartbreaking tales which accompany these numbers, Federal support for alcohol and drug abuse treatment and prevention services has declined by 45 percent since FY 1980. Unfortunately, this abandonment of the Federal -State partnership, one in which the States have fully maintained their fair share of the responsibility for these problems, comes at a time when public awareness of these illnesses is at an unprecedented height. In addition, new demands are being made on the treatment system in response to the increased enforcement of driving while intoxicated laws, growing numbers of individuals dependent on cocaine and other drugs and the homeless population.

More recently, demands for drug abuse services are being made by thousands of individuals who are intravenous drug users. These addicts are seeking treatment as a means of preventing their infection with the AIDS virus. These same individuals, however, are often informed that treatment slots are unavailable and that there name will be added to a waiting list of approximately three to six month duration. As I am sure you are aware, Senators, drug addicts are not known for their crime-free behavior when they are not in treatment. In addition, the chances that they may contract AIDS and spread it to their sexual partners and their unborn children is extremely high while they remain intravenous drug users.

The President's budget request for the Alcohol, Drug Abuse and Mental Health Services (ADMS) Block Grant program would do little to alleviate the current despair which pervades the publicly-funded alcohol and drug abuse treatment system. The President has requested $490 million for the ADMS Block Grant program in FY 1987. This request represents the amount appropriated in FY 1985 before the sequester order mandated by the Gramm-Rudman-Hollings balanced budget legislation reduced the funding level by $21 million. In a typical year, alcohol and drug abuse represents approximately 50 percent of the total monies appropriated for the ADMS Block Grant program. Mental health programs receive the other half of the monies. A comparison of the monies appropriated in FY 1980 for the categorical alcohol and drug abuse grants - $332 million - to the level of monies which will be allocated for alcohol and drug abuse services via the ADMS Block Grant program in FY 1986 - $238 million - dramatizes the reduction in Federal support for alcohol and drug abuse services. These monies have decreased by almost $100 million dollars in this short time period.

If the Federal government is serious about its program to prevent and reduce alcohol and drug abuse problems, NASADAD recommends that this support be demonstrated via an appropriation of the full amount authorized for the ADMS Block Grant program for FY 1987 - $576 million. While the alcohol and drug abuse portion of the national appropriation - $292 million - would still represent a $40 million reduction from the FY 1980 level of support, it would certainly be a step in the right direction.

NASADAD is currently in the process of analyzing the impact of the recent reductions in Federal funds on the alcohol and drug abuse treatment and prevention systems. This effort is being jointly conducted with the National Association of State Mental Health Program Directors. While the report has not yet been developed, a preliminary review of the responses documents a significant reduction in the ability of the Statewide system to serve the same number of clients as those served in 1981. Many States have reported that increased State appropriations were secured in order to support a maintenance budget. Other States have mentioned the overlap of Federal funds during the transition from the categorical to block grant programs as the major reason that the reductions in Federal support were not as severe or disruptive as they could have been. Only a few States referred to a sufficient level of resources and system growth. Once this survey is completed and a report is developed summarizing the responses from the State alcohol and drug abuse and mental health agencies, the document will be submitted to the Congress. The report will also provide information on the types of programs and number of clients supported with ADMS Block Grant monies.

The State Alcohol and Drug Abuse Directors are also concerned about the level of Federal support for the research and prevention activities undertaken by the National Institute on Alcohol Abuse and Alcoholism (NIAAA) and the National Institute on Drug Abuse (NIDA). NASADAD recently joined other members of the alcohol and drug abuse constituency in calling for a three year renewal of the Institutes discrete research authority. The current authority for the Institutes expires on September 30, 1986. The Administration has proposed that the discrete authority for the Institutes be allowed to lapse and thereby be transferred to the general research authority for the Public Health Service. We oppose this transfer. The discrete statutory authority for the two Institutes was designed by the Congress in the early 1970's to provide a separate statement of support and emphasis for these highly stigmatized and underdeveloped fields. We believe that the stigma continues even today as is evidenced by the lack of Federal support provided to alcohol and drug abuse when compared to other illnesses and public health problems.

This stigma was documented by the Institute of Medicine of the National Academy of Sciences in their landmark report October, 1984 entitled Research on Mental Illness and Addictive Disorders: Programs and Prospects. The panel of experts which prepared the report noted that the economic consequences of alcoholism and drug abuse are comparable to those for heart disease and cancer and yet, Federal support for these disorders is clearly inadequate despite major scientific advances made by NIAAA and NIDA and immediate research opportunities. In the case of alcohol research the panel noted that for every research dollar spent on alcoholism and alcohol abuse in 1981, $35 was spent on cancer; $15 was spent on heart and vascular disease and $4 was spent on respiratory disease.

The President has proposed a budget request for the NIAAA research program of $56.6 million for FY 1987. An appropriation at this level would necessitate a dramatic drop in support for new and competing grants; in the average costs of these grants; in the non-competing regular research grants and in research contracts, impeding essential epidemiological and treatment research. NASADAD encourages the Subcommittee Members to appropriate $72 million for the NIAAA research budget. An appropriation at this level would provide a 15 percent increase in the number of research project grants; the award of 116 new and competing program grants at IRG recommended levels and permit an expansion of existing research centers and the funding of two new centers on alcohol and high risk populations and alcohol and immunology.

For NIDA, the President's budget request for FY 1987 would reduce both the monies requested for new and competing grants as well as the total number of these grants from 131 in FY 1986 to 117 in FY 1987. A 60 percent reduction in the research centers budget is also proposed. As an alternative budget proposal, NASADAD recommends that the Subcommittee appropriate $90.5 million for the NIDA research program. In contrast to the President's budget, our proposal for NIDA would permit: award of approximately 150 new and competing research grants, award of 3 new clinical research centers (at least one of which will focus on cocaine treatment) and funding of costly, but necessary, large prevention strategy research grants.

For detailed information on NASADAD's funding requests for NIAAA and NIDA please refer to the unified budget proposal for programs of the Alcohol, Drug Abuse and Mental Health Administration included as Attachment A along with our statement. This alternative budget proposal is supported by over 40 national alcohol, drug abuse and mental health organizations. The document was developed in response to our concern over the inadequacy of the President's budget request for Federal alcohol, drug abuse and mental health programs.

One final issue that we would like to bring to your attention is the disproportionate funding reductions which have taken place in the prevention and knowledge transfer activities at NIDA and NIAAA. We believe these activities were required to bear the brunt of the funding reductions incurred by the Institutes by virtue of their location in the direct operations line item along with personnel and administrative costs. For example, the NIDA prevention and communications division budget is located in the NIDA direct operations line item. When the Institute was required to reduce the direct operations line item by 4.3 percent under the recent sequester order, the prevention and knowledge transfer division was reduced by 20 percent in order to prevent minimal disruption in the personnel and administrative sectors. It has also been reported that a similar scenario went into effect at NIAAA when the National Clearinghouse for Alcohol Information was recently reduced by over 25 percent.

In order to prevent further disruption or dismantlement of these activities, NASADAD advocates the development of a separate line item for the protection of the prevention and knowledge activities. If a new budget line item is not feasible, then we recommend that the conference report accompanying the appropriations bill specifically direct the Institutes under any sequester order to refrain from reducing the prevention and knowledge transfer activities by an amount greater than the reduction incurred by the direct operations line item as a whole.

The prevention initiatives and national campaigns supported by NIAAA and NIDA are extremely important in the development of the general public's awareness of alcohol and drug abuse problems. They also generate local community's interest and willingness to get involved in alcohol and drug abuse initiatives. NASADAD strongly supports the valued contribution of volunteers, citizen and parent groups, and other grassroots organizations in the alcohol and drug abuse field. NASADAD works closely with these groups at the State and local level, but each of us welcome a strong Federal leadership role and development of national prevention initiatives.

In closing, we would like to thank the Members of the Subcommittee for their strong leadership and support of the Federal alcohol and drug abuse programs. We appreciate your attempts to assist the States in their ongoing struggle to provide adequate services to alcohol and drug abusers during times of increased drug abuse, new demands for treatment as a result of the emphasis on driving while intoxicated and the plight of the intravenous drug abuser who is becoming increasingly aware of their high risk status for the contracting of the deadly AIDS virus.

Thank you again for the opportunity to appear before you today.

ATTACHMENT A

FY '87 COALITION APPROPRIATIONS RECOMMENDATIONS FOR ADAMHA

Alcohol and Drug Problems Association of North America
American Academy of Child Psychiatry
American Association for Partial Hospitalization Legal Action Center
American Association of Chairmen of Departments of Psychiatry
American Association of Directors of Psychiatric Residency Training
American Association for Counseling & Development
American Council for Drug Education
American Hospital Association
American Medical Society on Alcoholism and Other Drug Dependencies
American Mental Health Counselors Association
American Nurses Association
American Occupational Therapy Association
American Orthopsychiatric Association
American Psychiatric Association
American Psychological Association
American Society for Adolescent Psychiatry
Americans for Substance Abuse Prevention
Association for the Advancement of Psychology
Association for Specialists in Group Work
Association of Labor-Management Administrators and Consultants on Alcoholism
Association of Psychiatric Outpatient Centers of the Americas
CareInstitute
Child Welfare League
Corporation for the Advancement of Psychiatry
Council of Graduate Departments of Psychology
International Association of Psychosocial Rehabilitation Services
Mental Health Law Project
National Alliance for the Mentally Ill
National Association for Alcoholism and Drug Abuse Counselors
National Association for City Drug and Alcohol Coordination
National Association of Alcoholism Treatment Programs
National Association of Private Psychiatric Hospitals
National Association of Social Workers
National Association of State Alcohol and Drug Abuse Directors
National Association of State Mental Health Program Directors
National Council of Community Mental Health Centers
National Council on Alcoholism
National Mental Health Association
The American College of Neuropsychopharmacology
The Committee on Problems of Drug Dependence
Therapeutic Communities of America

OVERVIEW

This document reflects the views of a coalition of organizations deeply concerned with the inadequacy of the President's proposed fiscal 1987 budget on people with mental disorders, alcoholism, alcohol or drug abuse problems, and with the impact of the President's proposed rescissions of fiscal 1986 spending. The coalition believes that funding for programs under the Alcohol, Drug Abuse and Mental Health Administration (ADAMHA) is now far too low, and has for some time been critically short of the need. This view is supported by the Institute of Medicine, in its report "Research on Mental Illness and Addictive Disorders: Progress and Prospects":

> "Mental disorders and addictive states, especially when severe or chronic, cause personal, economic, and social upheaval both for afflicted individuals and for those close to them. In the United States alone, conservative estimates suggest that mental disorders and addictions directly afflict 30 to 45 million people and cost $20 billion annually in direct health-care expenditures. They contribute especially to morbidity, using such measures as utilization of long-term care and Social Security Disability, and the indirect costs to society, including lost productivity, social services, and crime control. Overall, yearly direct and indirect expenses total an estimated $185 billion. Costs are especially high for the severe mental problems of childhood, which can produce lifelong debilitation. These data suggest that economic consequences of the disorders under the ADAMHA purview are comparable to those for heart disease and cancer."

Our coalition has analyzed the President's budget and is united in its opposition to these proposals. The President's budget focuses on large reductions in many domestic spending programs, including those of importance to mentally disabled people and those addicted to alcohol and drugs. Some of the most devastating proposals for the ADAMHA budget are the termination of demonstration programs, clinical training initiatives, state planning activities and the elimination of the new Protection and Advocacy program. In addition, the President proposes reductions in research and research training, at a time in our history when significant expansion in these areas is essential to enable us to capitalize on new knowledge about the brain and behavior.

While acknowledging the need to address budget deficits, our coalition does not believe human service programs, including those of ADAMHA, should bear the heavy burden of further cuts. These programs have been pared to the bone already, and Congress must look at alternative means to control the federal deficit.

The recommendations on the following pages would enable the federal government to maintain a leadership in support of ADM programs . . . Research, Services and Training.

We urge the Congress to seriously consider our recommendations as the FY 1987 appropriations process moves forward.

SUMMARY OF RECOMMENDATIONS

ADAMHA

(in $ millions)

	FY '86* Congressional Appropriation	FY '87 Current Services	FY '87 President's Budget	FY '87 Our Proposal
Research				
(NIMH)	214.0	237.0	199.0	272.0
(NIDA)	74.0	82.6	73.0	90.5
(NIAAA)	57.0	63.7	56.6	72.0
Research Training	21.0	22.7	18.5	31.3
Clinical Training				
(NIMH)	19.0	20.0	0	26.0
(NIDA)/(NIAAA)	1.0	1.0	0	2.0
Block Grant	490.0	525.0	490.0	576.0
State Planning	0	0	0	5.0
Community Support	12.5	11.0	0	20.0
Protection/ Advocacy	10.0	10.5	0	10.5
Direct Operations	62.5	63.0	58.5	65.6

* prior to Gramm-Rudman sequestration

NATIONAL INSTITUTE OF MENTAL HEALTH (NIMH) RESEARCH
(in millions of dollars)

FY '86	Current Services FY '87	President's FY '87	Our Proposal FY '87
$214.0*	$237.0	$199.0	$272.0

(* 204.7 after GRH)

The National Institute of Mental Health (NIMH) is this country's major funding source for research related to mental health. The President's Commission on Mental Health found that 90% of funding for mental health research emanates from the public sector. The 1984 Institute of Medicine report, "Research on Mental Illness and Addictive Disorders: Progress and Prospects," further documents the dependence of mental health research on NIMH funding and dramatically demonstrates how support for research on mental disorders has never achieved a reasonable level, especially when compared with support for comparably costly physical disorders. The historically inadequate levels of funding apply to support of the research infrastructure (i.e., such investigator-initiated programs as research centers, research scientist and career development awards) as well as traditional project grants and other research activities.

Scientific opportunities over the past few years have been particularly evident in the neurosciences, including behavioral research on understanding attention and memory, basic biochemical processes, the interactions between physiological processes and behavior underlying mental disorders and the effects of stress on the family unit. However, the President's budget seriously cuts back on even the current level of NIMH support nationally, sending a negative signal to research scientists as well as to individuals with mental disorders and their families, at the very time when substantial progress is being made.

Areas of research in which there are substantial opportunities and extensive needs include: application of newly available techniques in neuroscience and molecular biology to the study of schizophrenia and other psychotic disorders; the role of the brain and behavior in relation to Alzheimer's disease and other mental disorders; the study of the mental health consequences of child abuse and neglect; application of the recent advances in psychobiology and behavioral research to disorders of children and adolescents; continued development of new treatments for depressive and manic depressive disorders; early intervention and preventive strategies in a wide range of mental disorders; and the study of the interaction of behavioral and biomedical factors in AIDS.

In contrast to the President's request, our proposal would permit:

- Award of approximately 425 new and competing extramural research project grants, providing needed resources for priority initiatives in schizophrenia, elderly and child mental disorders, and the behavioral factors in the development and treatment of AIDS;
- Award of at least 4 new Research Centers in priority areas such as schizophrenia, child disorders, aging, and neurosciences and funding for the 6 competing renewals terminated under the President's budget;
- Critical increased funding for other research mechanisms such as Small Grants, Research Scientist Development Awards, (which particularly focus on establishing a pool of talented younger investigators) as well as Cooperative Agreements and Contracts;
- Adequate personnel and equipment for the Intramural Research Program.

NATIONAL INSTITUTE ON DRUG ABUSE (NIDA) RESEARCH
(in millions of dollars)

FY '86	Current Services FY '87	President's FY '87	Our Proposal FY '87
$ 74.0*	$ 82.6	$ 73.0	$ 90.5

(* 70.8 after GRH)

The National Institute on Drug Abuse (NIDA) is the lead Federal agency responsible for supporting research directed at improving our understanding of the causes and consequences of drug abuse and developing improved drug abuse prevention and treatment techniques. The Institute of Medicine's landmark study highlights exciting research undertaken by NIDA and describes extremely promising areas of new research. The panel reported, "Until recently most attempts to control drug abuse have been legal efforts to block drug production or to punish users or dealers; research advances offer the promise of other, one hopes more effective, approaches to the problem. Successful attacks on drug abuse most likely will come from knowledge of the complex biological, psychological, and social factors that reinforce drug-seeking and drug-using behavior despite its dangerousness and destructiveness to users, members of their families, and society".

Over the last decade, NIDA has been recognized by the scientific community for its unprecedented advances in understanding the mechanisms of brain functioning and its relationship to drug use, advances which have pushed drug abuse research into the forefront of the neurosciences. Psychological and social research is yielding needed information about incidence and use patterns, associated behavioral changes, and longterm mental and behavioral effects of drug use. Such data are vital for effective treatment and educational efforts. Tragically, the President's budget would not allow NIDA to maintain even its current level of effort.

In contrast to the President's request, our proposal would permit:

- Award of approximately 150 new and competing research grants providing needed resources for basic and clinical research programs;

- Award of 3 new Clinical Research Centers (at least one of which will focus on cocaine treatment), and funding for competing renewals and continuations;

- Support of costly, but necessary, prevention strategy research grants;

- Support of 3 new epidemiology contracts, including a junior high school student survey to assess the incidence and prevalence of drug use among this population and surveys to assess the use of drugs by ethnic minorities and school drop-out populations;

- Full operation of the often-postponed Adolescent Clinical Treatment Research Program. The program is dependent on the Intramural Research Program's capability to expand its patient treatment capacity from 10 to 32 beds.

NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM (NIAAA) RESEARCH

(in millions of dollars)

FY '86	Current Services FY '87	President's FY '87	Our Proposal FY '87
$ 57.0*	$ 63.7	$ 56.6	$ 72.0

(* 54.5 after GRH)

The National Institute on Alcohol Abuse and Alcoholism (NIAAA) supports research aimed at developing knowledge to improve treatment and ultimate prevention of alcohol abuse and its tragic consequences. NIAAA's research program offers tremendous opportunities for major advances in medical services that can reduce these burdensome problems. Each problem requires different treatment modalities, most of them symptomatic and empirically derived. As more is learned about biological substrates and psychosocial aspects of alcohol abuse and alcoholism, it may be possible to design more specific and rational interventions.

In 1984, the Institute of Medicine (IOM) recommended that the research and research training budget of the NIAAA be dramatically increased while noting that the level and range of opportunities for productive alcohol research have never been greater. Recent advances in research have confirmed that heredity is a major contributing cause of alcoholism in a large proportion of cases and found similarities between the neurochemical anomalies induced by alcohol and those that occur in some individuals displaying violent behavior or depression. Research is needed to identify the subtypes of alcoholism which will lead to improved diagnosis and treatment and to an understanding of how alcohol affects every major component of the immune system, including cell-mediated immunity, which protects against viral infections.

Despite major scientific advances and the identification of critical and immediate research opportunities, the President's FY '87 budget request would necessitate a dramatic drop in support for new and competing grants, non-competing regular research grants, and research contracts, in the process impeding essential epidemiological research and treatment research.

In contrast to the President's request, our proposal would permit:

- Award of approximately 116 new and competing research project grants at council-approved levels, providing needed funding for such priority areas as the fetal acohol syndrome and alcohol's effect on neurobiological processes;

- Full funding and expansion of existing research centers and the award of 2 new centers focused on high-risk populations and immunology;

- Expansion of the Intramural Research Program. Limited increases in personnel, equipment, and facility renovations should be provided to take advantage of its newly established clinical program located on the NIH campus;

- Expansion of the Research Scientist Development Awards with special emphasis on clinical researchers.

ADAMHA RESEARCH TRAINING
(in millions of dollars)

FY '86	Current Services FY '87	President's FY '87	Our Proposal FY '87
$ 21.0*	$ 22.7	$ 18.5	$ 31.3

(* 20.1 after GRH)

Research training grants and fellowships are integral parts of the overall behavioral and biomedical research programs in this country. The number of research trainees supported by ADAMHA has declined steadily over the past several years. This consistent decrease makes it increasingly difficult to ensure an adequate supply of well-trained biological and behavioral researchers in the important areas of mental health, drug abuse and alcohol abuse. If the present promise and pace of ADAMHA research is to be realized and maintained in coming decades, we must work to assure the future availability of the research manpower upon whom the nation will depend for the success of that effort.

Our recommendation for research training is based on the current research opportunities and needs of the field, and is consistent with the recommendations made by the Institute of Medicine (IOM) in its 1985 report, "Personnel Needs and Training for Biomedical and Behavior Research." The report states that, "a cadre of able investigators already is studying many aspects of mental and addictive disorders, but rapid evolution in the biobehavioral sciences constantly creates demands for new types of specially trained researchers, often without diminishing the continued needs of existing specialties." Current research areas of identified special need include those related to childhood mental disorders, alcoholism and chronic mental illnesses such as schizophrenia.

At NIMH, the number of research trainees supported has declined over the past six years from a high of 1,350 to a projected 751 under the Administration's FY '87 budget proposal. Our alternative recommendation would support 1,200 research trainees at NIMH, a number consistent with the levels recommended in the IOM report. As the IOM suggests, emphasis needs to be placed on attracting talented physicians, and members of other clinical disciplines to enter research careers, and also to increase support of predoctoral awards to avoid a projected shortage of future behavioral and biomedical research scientists. These funds would also support expansion of shortterm training programs to attract students in the health professions into research careers at early stages.

We recommend increases in research training funds at NIDA and NIAAA to ensure a continued investment in developing trained scientists to study the important areas of drug and alcohol abuse. The current levels of support for research training at these institutes are unconscionably low. The President's budget proposes only $1.3 million for NIAAA (63 trainees) and $1.4 million for NIDA (68 trainees). Our alternative proposal includes a substantial increase in funding for these programs commensurate with the needs in the field. We recommend $1.9 million (100 trainees) for NIDA research training and $1.8 million (80 trainees) for NIAAA research training.

CLINICAL TRAINING
(in millions of dollars)

	FY '86	Current Services FY '87	President's FY '87	Our Proposal FY '87
NIMH	$19.0	$ 20.0	0	$ 26.0
NIDA/NIAAA	1.0*	1.0	0	2.0

(* 19.1 after GRH)

The NIMH clinical training program traditionally has been the main source of support for mental health professionals. Funding between 1975-80 averaged around $70 million per year. For the fifth consecutive year the President proposes the termination of this activity which trains psychiatrists, psychologists, psychiatric nurses, social workers, mental health counselors and para-professionals and supports state manpower development. Federal support is still vital, especially in view of unanimous evidence that certain populations and geographic areas are underserved, including enormous numbers of senior citizens, children, jailed populations and chronically mentally ill living in the community for these groups.

According to the Institute of Medicine (IOM) report "Research on Mental Illness and Addictive Disorders," 15% of the population suffers from serious mental disorders at any given time, but less than one-third of these people will receive any form of treatment. The magnitude of the problem indicates that this is clearly a matter of national concern that cannot be adequately addressed at the state and local level. Training professionals to meet these needs is a long-recognized federal concern.

We endorse Congress' continued direction of NIMH (through report language) to focus the program on these targeted areas. Studies by the General Accounting Office (GAO) and NIMH indicate that where trainees obtain their education and work experience influences where they decide to practice. We also support Congress' call for an equitable distribution of funds amongst the disciplines. An appropriation of $26 million for NIMH clinical training would assure needed continuation support and modest new growth to better implement the important Congressional initiatives. Central to our concern is a dearth of other funding sources to meet these needs.

The Alcohol, Drug Abuse and Mental Health Amendments of 1984 (P.L. 98-509) authorizes grants to support the training of health professionals in the identification and treatment of alcohol and drug abuse problems. Prior to being defunded in 1982, the Clinical Training programs in alcohol and drug abuse were implemented through grants to States, National Training Centers, and Career Development and Management Internship Programs. Contrary to the Administration's expectations, an adequate pool of alcohol and drug abuse program personnel has not developed as neither the States nor the private sector have assumed responsibility for the funding of training programs. In fact, many training programs have been dismantled at a time when the need for more competent drug and alcohol abuse personnel is being clearly demonstrated.

We feel that in order to provide competently trained core personnel in the areas of mental health, alcohol and drug abuse the NIMH Clinical Training Program should be appropriated at $26 million and the NIDA and NIAAA Clinical Training Programs should each receive a minimum appropriation of $1 million.

ALCOHOL, DRUG ABUSE AND MENTAL HEALTH BLOCK
GRANT & STATE PLANNING
(in millions of dollars)

	FY '86	Current Services FY '87	President's FY '87	Our Proposal FY '87
Block Grant	$490.0*	$ 525	$490.0	$576.0
Planning	0	0	0	5.0

(* 469 after GRH)

The ADAMH Block Grant is the foundation of funding for alcohol and drug abuse and community mental health services, helping to forge a partnership among federal, state and community-level providers. In 1981, alcohol, drug abuse and mental health categorical programs were consolidated into the Alcohol, Drug Abuse and Mental Health Block Grant as part of P.L. 97-35. The Block Grant is essentially two block grant programs within one authority, with different requirements and provisions for alcohol and drug abuse programs and community-based mental health services. The 1984 Amendments established a 10% set aside for seriously mentally disturbed children based on evidence that 7-10 million children are in need of mental health services. An additional 5% set-aside for alcohol and drug-related services to women has had a dramatic impact on these states that have not had an increase in their state award since 1984 resulting, in some cases, in the elimination of services to other populations.

The President's request of $490 million for the ADAMHA Block Grant (considering the impact of inflation since 1985) would result in a decrease of $39.0 million in the purchasing power for existing services. This budget would not allow states to respond to the crisis of the large and growing number of people with chronic mental illness who are homeless; would not allow states to meet the demand for alcohol and drug abuse services by the general public, DWI affenders, cocaine addicts and IV drug users who have been alerted to the spreading threat of AIDS among the IV populations; and would not continue the direction begun in 1984 to bring all states up to the appropriate share of funding. The President's request to eliminate the important State Planning initiative stifles the incentive to move states to develop needed comprehensive community care services for citizens with severe mental illness.

We recommend an appropriation of $576.0 million for the ADAMHA Block Grant and $5 million for the state interagency planning grants. A significant portion of the increased funds would be used by states to provide community mental health intervention services for people with prolonged mental illness who are homeless, including outreach services to locate this population both in the streets and in shelters. The alcohol and drug abuse monies would be used to support the basic service system and expand services to those underserved populations identified by the states and communities. Our recommendation for coordinated state planning would enable the continuation of planning initiatives in 7 states and the funding of new planning initiatives in several more states. These initiatives, conducted at high levels of state government, specifically address coordinated interagency planning so as to more effectively provide the entire range of services required by people who are seriously mentally ill living in the community. In FY 1985, 7 states received initial funding for such planning initiatives. While such planning normally requires a 5-year time frame, the Administration's failure to request funding for this program has resulted in a policy decision that the 1985 awards made in 1986 will be one-year grants.

	FY 1986	Coalition's Recommendation: FY 1987	
State	$490 Million	Increase	$576 Million
Alabama	$ 9,328,000	$ 1,608,200	$ 10,936,200
Alaska	2,093,000	137,600	2,230,600
Arizona	9,004,000	1,109,400	10,113,400
Arkansas	6,385,000	963,200	7,348,200
California	48,406,000	8,488,200	56,894,200
Colorado	7,004,000	1,075,000	8,079,000
Connecticut	6,985,000	1,014,800	7,999,800
Delaware	1,428,000	206,400	1,634,400
Florida	24,033,000	3,861,400	27,894,400
Georgia	11,093,000	2,210,200	13,303,200
Hawaii	2,827,000	352,600	3,179,600
Idaho	1,660,000	387,000	2,047,000
Illinois	19,574,000	3,973,200	23,547,200
Indiana	19,524,000	2,064,000	21,588,000
Iowa	2,936,000	1,066,400	4,002,400
Kansas	3,962,000	842,800	4,804,800
Kentucky	4,551,000	1,479,200	6,030,200
Louisiana	5,665,000	1,677,000	7,342,000
Maine	3,733,000	447,200	4,180,200
Maryland	4,871,000	1,470,600	6,341,600
Massachusetts	18,240,000	1,969,400	20,209,400
Michigan	15,948,000	3,285,200	19,233,200
Minnesota	4,933,000	1,470,600	6,403,600
Mississippi	5,165,000	1,126,600	6,291,600
Missouri	9,804,000	1,840,400	11,644,400
Montana	2,153,000	309,600	2,462,600
Nebraska	2,683,000	576,200	3,259,200
Nevada	2,897,000	301,000	3,198,000
New Hampshire	3,844,000	344,000	4,188,000
New Jersey	20,647,000	2,468,200	23,115,200
New Mexico	4,934,000	550,400	5,484,400
New York	40,097,000	6,063,000	46,160,000
North Carolina	10,963,000	2,408,000	13,371,000
North Dakota	1,163,000	240,800	1,403,800
Ohio	23,585,000	3,930,200	27,515,200
Oklahoma	7,775,000	1,195,400	8,970,400
Oregon	5,670,000	989,000	6,659,000
Pennsylvania	25,114,000	4,308,600	29,422,600
Rhode Island	4,417,000	344,000	4,761,000
South Carolina	6,684,000	1,333,000	8,017,000
South Dakota	3,100,000	256,600	3,366,600
Tennessee	7,798,000	1,866,200	9,664,200
Texas	21,446,000	5,598,600	27,044,600

State	FY 1986 $490 Million	Coalition's Recommendation: FY 1987 Increase	Coalition's Recommendation: FY 1987 $576 Million
Utah	3,778,000	662,200	4,440,200
Vermont	3,313,000	197,800	3,510,800
Virginia	8,384,000	1,969,400	10,353,400
Washington	8,977,000	1,505,000	10,482,000
West Virginia	4,292,000	791,200	5,083,200
Wisconsin	5,263,000	1,728,600	6,991,600
Wyoming	768,000	172,000	940,000
D. C.	2,467,000	189,200	2,656,200
Guam	536,000	34,400	570,400
Puerto Rico	6,875,000	1,169,600	8,044,600
Virgin Islands	1,113,000	34,400	1,147,400
Others	112,000	51,600	163,600
TOTAL	$490,000,000	$ 85,724,800	$ 575,724,800

NIMH COMMUNITY SUPPORT PROGRAM AND OTHER SERVICES DEMONSTRATIONS
(in millions of dollars)

FY '86	Current Services FY '87	President's FY '87	Our Proposal FY '87
$ 12.5*	$ 11.0	0	$ 20.0

(* 11.9 after GRH)

The National Institute of Mental Health (NIMH) Community Support Program (CSP) focuses on the unique problems of individuals with chronic mental illness who are trying to make lives for themselves in the community. Originally designed to serve adults, the program was expanded three years ago to serve children and adolescents who have severe emotional problems. CSP was again expanded in 1984 when P.L. 98-507 charged NIMH with serving homeless and elderly adults with chronic mental illness. Funds are used to stimulate better planning and coordination of state and local programs by providing technical assistance and community based service programs. Success is reflected in the increasing focus of state and local communities on the needs of these individuals, the substantial drop in hospitalization of the target population, the success of demonstration projects and the number of applications to NIMH which continue to exceed available resources.

The President's request is to provide no funds for FY '87. If enacted, it would wipe out this small but effective initiative. The lack of adequate community resources to serve those with chronic mental illness has led to a crisis in many states and contributed to the growing population of homeless people and an alarming growth in the number of teenagers and children, as well as adults, who are committing suicide. Failure to fund CSP demonstration projects will severely curtail the ability of states to overcome the most intractable problems related to this population whose need for assistance grows each year and to better serve deinstitutionalized adults, homeless people with chronic mental illness, children and adolescents with severe emotional problems, and individuals with chronic mental illness who move in and out of the hospital and jail systems. We recommend $20 million for the Community Support Program and other service demonstrations for FY '87.

The recommended amount is necessary: (a) to continue and expand NIMH services research initiatives on problems of homeless people with chronic and other mental disorders and to continue local demonstration projects for providing services for this hard to reach group ($5 million); (b) to continue demonstration projects on the more effective use and coordination of services for elderly persons who suffer from serious mental disorders ($1 million); (c) to plan and initiate demonstration projects to coordinate services for people with mental disorders who are in the jail and hospital systems ($2 million); (d) to continue state-wide CSP initiatives for adults who have chronic mental illness ($4.5 million); (e) to continue and expand the Children and Adolescent Service System Program (CASSP) for children with serious emotional problems ($6.2 million); (f) to continue to conduct important services system research ($1.3 million). The need for more effective planning, development, coordination, outreach and evaluation of services is not only critical, it is mandatory.

MENTAL HEALTH PROTECTION AND ADVOCACY PROGRAM

(in millions of dollars)

FY '86	Current Services FY '87	President's FY '87	Our Proposal FY '87
$ 10.0*	$ 10.5	0	$ 10.5

(* 9.5 after GRH)

The House and Senate conferees have agreed to (S. 974), the Mentally Ill Persons Protection Act which establishes a protection and advocacy system for persons who have "significant mental illness or emotional impairments" and are residents of facilities providing them with care or treatment. Facilities are not further defined in the bill, but according to the accompanying report include: public and private hospitals, nursing homes, group homes and board and care facilities.

The House version of the legislation passed by a vote of 290-84 on January 30. The Senate passed its bill on June 30, 1985 by voice vote. Given the overwhelming bi-partisan support, the President is expected to sign the bill when it reaches his desk in April.

The program provides funds on a formula grant basis to expand the existing state Protection and Advocacy (P&A) System for the developmentally disabled to investigate complaints of abuse and neglect affecting mentally ill people and pursue administrative, legal and other appropriate remedies. The P&A System in each state must have an advisory board of persons expert in mental health issues, with a majority representation of people who have received or are receiving mental health services and their families. The FY '86 Labor, HHS and Education Appropriations Act included $10 million ($9.57 million after G/R/H sequestration). The President's budget proposes to rescind the FY '86 appropriations and requests no funds in FY '87. We recommend that Congress reject the FY '86 rescission proposal and appropriate $10.5 million for FY '87, the authorization level in the House bill.

Hearings conducted by Senator Weicker in 1983 and 1985 and a comprehensive study undertaken by the staff of his Subcommittee on the Handicapped uncovered a pattern of patient abuse and neglect in public psychiatric hospitals of our nation. Similar problems have been revealed in nursing homes and community facilities caring for persons with mental disorders.

Unfortunately, many of the residents of these institutions have been abandoned or have outlived their closest family members. Their well-being has become dependent, in part, on the availability of trained advocates, knowledgeable about the operations of instutions and the rights of residents, who can investigate and remedy through legal and other advocacy techniques situations of gross negligence and abuse.

With the enactment of S. 974, a P&A System will be developed nationwide, building on the experience of the P&As and providing cost-effective and nonduplicative services. The FY '86 monies, when available, will be used for planning, start-up, and training outreach and direct services. Fiscal year 1987 will be the first full year of the program's implementation and must be funded at the full authorization level.

ADAMHA DIRECT OPERATIONS AND STAFFING

(in thousands of dollars)

	FY '86		Current Services FY '87		President's FY '87		Our Proposal FY '87	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
NIMH								
Direct Operations	364	$34,675	364	$34,074	364	$31,749	364	$34,074
Research	526		526		526		538	
NIDA								
Direct Operations	175	$16,307	175	$16,976	175	$15,983	180	$18,000
Research	85		85		85		93	
NIAAA								
Direct Operations	110	$11,658	110	$12,135	110	$10,876	125	$13,632
Research	92		92		92		100	

Direct operations activities provide program management of the ADAMHA's research, training and services activities. Adequate staffing and program support are critical for the proper development and implementation of the three Institutes' programs. We are concerned that over the past several years there has been a gradual erosion of funds available for activities which are essential to the support of research in particular. To make full use of its resources, the ADAMHA enterprises must maintain stewardship and oversight over the expenditure of its funds; provide opportunities for its own staff to stay in touch with new developments in the field; and have the ability to disseminate the results of its work. Curtailment of essential travel, publications, and communications expenses can result in the waste or misdirection of tens of millions of dollars.

In contrast to the President's proposal, our proposal would:

- Restore the AIDS research program to the ADAMHA. This program is proposed for transfer to the PHS under the 1987 budget.
- Provide NIMH with needed funds for site visitation and technical assistance to extramural research grantees; critical data gathering activities in the field of mental health statistics and research on delivery systems and health care financing; technical assistance to states and local communities for dealing with the problems of the chronically mentally ill, mentally ill homeless, seriously disturbed children and adolescents and mental disorders affecting the elderly; and research dissemination activities.
- Restore funds to NIDA for prevention and communications activities disproportionately reduced under the recent sequestration order.
- Provide NIAAA with increased funds to maintain program growth and restore postponed initiatives including the National Clearinghouse for Alcohol Information, and high-priority Homeless, Prevention and AIDS-related activities.

Mr. GUSTAFSON. Thank you.

My oral presentation will focus, then, exclusively on the President's request for the alcohol, drug abuse, and mental health services block grant and the recent Senate vote to provide an additional $100 million for drug, alcohol treatment, and prevention services over and above the President's budget request.

The chairman and members of the subcommittee are already familiar with the range, complexity, and seriousness of the problems which result from alcohol and drug abuse. These problems impact on every sector of society, transcending socioeconomic levels, race, age, and sex.

Overall, yearly direct and indirect expenses of these illnesses total an estimated $120 billion, based on such facts as costs related to reduced productivity, mortality, treatment, crime, motor vehicle crashes, and property loss.

Alcohol is involved in 100,000 deaths annually in the United States and is strongly associated with traumatic injuries, the leading cause of death and disability for persons under 44 years of age.

Approximately two-thirds of our Nation's youth have tried illegal drugs before they graduate from high school, and yet, even with these alarming statistics and the heartbreaking tales which accompany these numbers, Federal support for alcohol and drug abuse treatment and prevention services has declined by 45 percent since Federal fiscal year 1980.

Unfortunately, this abandonment of the Federal-State partnership, one in which the States have fully maintained their fair share of the responsibility for these problems, comes at a time when public awareness of these illnesses is at unprecedented heights.

In addition, the level of drug abuse is not declining but is increasing at an alarming rate. For example, cocaine admissions to drug treatment programs across the country increased by 48 percent during Federal fiscal year 1985. New demands are being made on the treatment system in response to the increased enforcement of driving while intoxicated laws, growing numbers of individuals dependent on alcohol and other drugs, and the homeless population.

More recently, demands for drug abuse services are being made by thousands of individuals who are intravenous drug users. These addicts are seeking treatment as a means of preventing their infection with the AIDS virus. These same individuals, however, are often informed that treatment slots are unavailable and they will have to be placed on waiting lists of approximately 3 to 6 months in duration.

As I am sure you are aware, Senator, drug addicts are not known for their crime-free behavior when they are not in treatment. In addition, the chances that they may contract AIDS and spread it to their sexual partners and their unborn children is extremely high while they remain intravenous drug users.

The President's budget request for alcohol, drug abuse, and mental health services through the block grant program would do little to alleviate the current despair which pervades the publicly funded drug and alcohol abuse treatment system. In fact, the President's budget requests a 43-percent reduction from the fiscal year 1980 level of support.

In fiscal year 1980, the Federal categorical alcohol and drug abuse grants received $332 million. Under the President's budget request, they would receive approximately $245 million, or almost $100 million less than they received in fiscal year 1980.

The Members of the Senate are acutely aware of the need to increase funding for the Federal program to prevent and reduce drug and alcohol abuse problems. Your unified concern and support was evident last Thursday when Members voted 82 to 12 to support an amendment to the Senate budget resolution which increases the funds for alcohol and drug prevention and treatment services by $100 million in Federal fiscal year 1987.

Our organization commends you, Senator, and the subcommittee and the rest of the Members of the Senate for that action.

We are advocating that the additional $100 million be targeted for use nationwide by using the funding mechanism of the alcohol, drug abuse, and mental health block grant system. In addition, we advocate that NIDA and NIAAA receive $5 million for the expansion of their ongoing prevention and knowledge transfer activities and the development of model prevention programs at the school and community-based levels.

In essence, then, we are saying that we would recommend for the subcommittee's consideration that $90 million be channeled through the ADM block grant funding mechanism, $10 million—$5 million each—for NIAAA and NIDA.

We greatly appreciate the opportunity to appear before you today and would be pleased to answer any questions that you may have.

Senator INOUYE. Do you receive any grants?

Mr. GUSTAFSON. Our association?

Senator INOUYE. No; in your office in New York?

Mr. GUSTAFSON. Yes; we do. We receive several research grants from the National Institute on Drug Abuse. I must preface my remarks by saying the State agency that I represent solely focuses its activities on drug abuse issues. Alcoholism issues are handled by another agency. So the major source of Federal support that my agency receives—to-wit, $19 million—is through the alcohol, drug abuse, and mental health system services. That is $19 million out of a $200 million budget that we have for strictly drug abuse services in the State of New York.

Senator INOUYE. What sort of research projects did you have?

Mr. GUSTAFSON. They really run the gamut, from the effectiveness of early intervention, prevention services within the school system, to the latest phenomena in the area of cocaine use, crack, which is a highly addictive form of cocaine which is smoked, and which is rapidly increasing among youthful populations in New York and other areas of the country, to longitudinal studies that evaluate the effectiveness of treatment over periods of time, to ethnigraphic and etiological studies on the incidence and prevalence of drug use.

Senator INOUYE. What is the cost of a crack cigarette on the street?

Mr. GUSTAFSON. It is sold, Senator, in different quantities. I don't know whether I could break down to a cigarette level, but a small vial about that large [indicating] would go for about $5, and a young person could use that to make maybe two or three crack cigarettes of that. So it is at a cost level that is reachable by kids as young as 8, 9, and 10 years old, and our street service units have identified children in that age bracket that are regular users.

Senator INOUYE. It seems like a hopeless battle, doesn't it?

Mr. GUSTAFSON. I am not ready to give up, and with the good support that we have gotten from members of your subcommittee and others, we are far from having to throw in the towel.

Senator INOUYE. I thank you very much, Mr. Gustafson. We appreciate it.

Mr. GUSTAFSON. Thank you, Senator.

STATEMENT OF JAMES R. ISON, CHAIR, EXECUTIVE BOARD, COUNCIL OF GRADUATE DEPARTMENTS OF PSYCHOLOGY

Senator INOUYE. Our next witness is the chair of the executive board of the Council of Graduate Departments of Psychology, the University of Rochester, Dr. James R. Ison.

Mr. ISON. I am Professor James R. Ison, chair of the Department of Psychology at the University of Rochester, here today to testify as chair of the Council of Graduate Departments of Psychology. I represent over 300 graduate departments of psychology at colleges and universities around the country, including all of the major research universities, and many medical centers and schools of education located in every State. I am very pleased to be here to testify, sir.

In my prepared remarks, I have included specific funding recommendations for several of the NIH institutes, including the National Institute of Child Health and Human Development, the National Institute of Aging, the National Institute of Environmental Health Sciences, the National Heart, Lung, and Blood Institute, and the National Cancer Institute.

I will not discuss these detailed recommendations at this time. However, I would like to point out that every NIH institute has a very important obligation to study the behavioral aspects of health promotion and disease prevention.

This committee is to be especially commended because of your insightful recognition of the importance of this new area of scientific work, an area that you have described in your appropriations reports for the last 2 years.

When you asked before how much money goes into prevention and how much is provided for services, and that comparison, we really do not know how much that is. I went back, as you asked that, and looked at my department, a heterogeneous department including many areas of psychology and about 28 people. Fourteen people, just off the top of my head, are directly concerned with either providing services related to prevention or doing research related to prevention, such as for example, the effects of exposure in utero to therapeutic drugs and later cognitive social and emotional behaviors.

I think what we would like to find out, and perhaps it would be useful to instruct the NIH and ADAMHA, just how much money does now go into prevention as opposed to how much goes into services. And that might really help us to understand what some of the basic problems for research allocation are in this country now. We obviously need that kind of research.

It is also the case that at NIH there are, I believe, three new positions that will go to people concerned with prevention. And again, it seems to me that the behavioral sciences and the neurosciences are so very, very much concerned with the prevention not only of mental disorders but cognitive disorders, emotional and social disorders, all of which cost such an incredible amount to our society, that perhaps one of those people should be intimately concerned with behavioral and neuroscience research.

Two recent reports, the Surgeon General's report "Healthy People" and the Institute of Medicine's report "Health and Behavior" document that 7 of the 10 leading causes of death in this country are in large part behaviorally determined and can be significantly reduced through changes in behavior. Heart disease, cancer, high blood pressure, infectious diseases, of course the sexually transmitted infectious diseases, all of these have environmental contributions.

We believe that inappropriate behavior, directly or indirectly, is the Nation's biggest killer, produces its most debilitating illnesses, and causes the greatest number of injuries in this country. Yet, the National Institutes of Health, the largest source of funding for health research, has recently estimated that it spends less than 3 percent of its total budget in the areas of behavioral and social science research.

Given the growing appreciation of behavioral factors in health promotion and disease prevention, the Council of Graduate Departments recommends substantially increasing the percentage of NIH funds presently spent on health and behavioral research.

In addition, because this is an issue that is very, very close to graduate departments in all areas, we recommend an increase in the number of research trainees supported by the NIH. Research training is absolutely necessary to maintain the vitality of all scientific disciplines. Cuts in research training funds at NIH lead to severe shortages of adequately trained teachers and researchers over the next decade.

In a 1985 report on the personnel needs for biomedical and behavior sciences, the Institute of Medicine advocated increased Federal supports specifically for behavioral science research training, demonstrating their understanding of the importance of this new area of basic and applied science.

The council asks the committee to support increased funding for NIH research training and we strongly urge the committee to specifically direct the NIH to implement the recommendations of the Institute of

Medicine to increase funding for research training in the behavioral sciences.

We are especially concerned now about the administration's proposed elimination of the $60 million Biomedical Research Support Grant Program. These funds were designed to augment the resources of institutions heavily engaged in health related research and is traditionally used to fund young investigators in innovative, multidisciplinary research, two things that we very, very badly need.

About one-fifth of these funds likely go to behavioral research. They are very important in our department. They are very important for young investigators, and for these reasons, the council strongly urges Congress to restore these funds.

There is one final, critical NIH funding issue, with which we are very much concerned: OMB's unilateral action to cap indirect costs. We strongly object to how arbitrary this was. We are pleased that OMB decided to postpone implementation and we understand that they are going to issue a new statement in perhaps a week.

PREPARED STATEMENT

We ask the committee to monitor the serious situation and to ensure that all parties are given a reasonable opportunity to discuss with the OMB the implications of this proposed cap on indirect costs.

Thank you, Mr. Chairman.

[The statement follows:]

Statement of James R. Ison

I am Professor James R. Ison, Chair of the Department of Psychology at the University of Rochester. I am here today to testify before this Committee as the Chair of the Council of Graduate Departments of Psychology (COGDOP). COGDOP represents over 300 graduate departments of psychology at colleges and universities around the country, including all of the major research universities, and many medical centers and schools of education located in every state. I am very pleased to be here on behalf of COGDOP to testify on the subject of the National Institutes of Health (NIH) FY 87 Appropriations.

Health and Behavior

Two recent reports, the Surgeon General's report "Healthy People" and the Institute of Medicine's report "Health and Behavior", document that 7 of the 10 leading causes of death in this country are in large part behaviorally determined and can be significantly reduced through changes in behavior. Heart disease, cancer, high blood pressure, and even infectious diseases -- all have environmental causes. In fact, we believe that unhealthy behavior, directly or indirectly, is the nation's biggest killer, produces its most debilitating illnesses, and causes the greatest number of injuries in this country. Yet, the National Institutes of Health (NIH), the nation's largest source of funding for health research, has estimated that it spends less than 3% of its total budget in the areas of behavioral and social science research. This minimal figure is especially disturbing in light of the overwhelming data on the behavioral causes of ill health. COGDOP strongly supports substantial increases in spending on important behavioral research at NIH in FY 87.

We urge the Committee to continue its support for research into the important relationship between health and behavior. Last year, this Committee included in its report accompanying the FY 86 Appropriations bill language in support of health and behavior research at NIH. NIH recently released a report which estimated that a total of $105.3 million was spent on health and behavior research in 1985 throughout its Institutes. This figure is $32.2 million less than an estimate given by NIH last year. Given the primary importance of behavioral factors in health promotion and disease prevention, COGDOP recommends increasing the percentage of NIH funds presently spent on health and behavior research by at least 10% in FY 87. We urge the Committee to continue its active support of health and behavior research at NIH.

NIH Research Budget

COGDOP strongly urges the Committee to increase the research budget at NIH to fund at least 6500 new and competing research grants in FY 87. We greatly appreciate the strong support of this Committee in the past for increasing badly needed research funds at NIH. The Administration's FY 87 budget request for NIH is $4.9 billion, a $500 million cut from the FY 86 level appropriated by this Committee. This FY 87 budget proposal would fund only 5,104 new and competing research grants, a decrease of 969 grants from the level recommended by Congress for FY 86, and an even greater cut of 1,115 from the number of new and competing research grants funded by NIH in FY 85. We encourage the Committee to reject this latest attempt by the Administration to lower the baseline for new and competing research grants at NIH and to fund at least 6500 grants for FY 87.

NIH Research Training

COGDOP recommends a substantial increase in the number of research trainees supported by NIH in FY 87. The Administration's FY 87 budget request for NIH research training is $198.2 million. This figure would support only 9,250 predoctoral and postdoctoral trainees in FY 87, a substantial cut from the 10,623 trainees who would have been funded by the FY 86 appropriated levels for research training. Research training is vitally important to maintaining the vitality of all scientific disciplines, and cuts in research training funds at NIH will lead to severe shortages or adequately-trained researchers over the next decade. In a 1985 report on the personnel needs for biomedical and behavioral sciences, the Institute of Medicine (IOM) advocated increased federal support for behavioral science research training. More specifically, the report recommended increased federal support at the predoctoral level in behavioral research. COGDOP asks the Committee to support increased funding for NIH research training in FY 87, and we strongly urge the Committee to specifically direct NIH to implement the recommendations of the IOM to increase funding for predoctoral research training support in the behavioral sciences.

Biomedical Research Support Grant (BRSG) Program

COGDOP is especially concerned about the Administration's proposed elimination of NIH's $60 million Biomedical Research Support Grant program. BRSG funds are designed to augment the resources of institutions heavily engaged in health-related research, and is traditionally used to fund young investigators and innovative multi-disciplinary research. The future for many young investigators is already uncertain due to deficit reduction measures -- the elimination of the BRSG program at this time would be especially devastating. The $60 million contained in the FY 86 NIH budget for the BRSG program will be distributed to a total of 576 institutions, and we estimate that $12.25 million, one-fifth of the total, will assist behavioral and social science researchers. COGDOP strongly urges Congress to restore funding for the BRSG program at NIH.

National Institute of Child Health and Human Development (NICHD)

NICHD supports important research on the psychological, social, biological, and environmental factors that influence the course of human development. Current research emphases at NICHD include teenage pregnancy and childbearing, childhood injury prevention, intellectual and emotional development, and the role of behavioral and biological factors in normal and high-risk pregnancy and birth. To continue its important work, NICHD must be funded at a reasonable level. COGDOP urges the Committee to support an increase to $376.7 million for the NICHD research budget in FY87. This budget would provide support for 630 competing research grants, which would represent a funding rate of approved grants equal to the overall NIH rate of 34%. This budget would also restore research training funds to the 1985 level of 702 full-time training positions. We would also urge Congress to encourage NICHD to strengthen their commitment to behavioral science research by allotting a larger portion of grants and grant dollars to behavioral and social science research projects.

National Insititute on Aging (NIA)

The National Insititue on Aging (NIA) is the major source of federal funding for biomedical and behavioral research in aging. NIA's mission is to increase the knowledge of the aging process and associated physical, psychological, and social factors related to advanced age. At a time when the aging population in this country is increasing and when NIA is making progress in many areas of aging research, the Administration has submitted a budget request for FY 1987 of $145.8 million, a reduction in the the NIA budget by $11 million from the FY 86 level appropriated by Congress. Under this proposal, competing extramural grants would be decreased from 201 to 145, research training awards decreased from 240 to 195, and support for the 12 research centers (ten of which are Alzheimer's Disease Research Centers) decreased by $600,000. COGDOP strongly recommends that NIA's FY 1987 research budget be funded to at least the FY 1986 appropriated level of $157.7 million to provide for needed growth in its vital research programs.

National Institute of Environmental Health Sciences (NIEHS)

The National Institute of Environmental Health Sciences supports research on the effects of exposure to toxic substances. Many of the most severe effects of toxic exposure include damage to the central nervous system. Such damage may lead to tragic psychological changes, including sensory, cognitive and emotional changes -- exposed individuals may become blind, mentally retarded or psychotic. There is so much to be learned from behavioral research into the effects produced by exposure to toxic substances. COGDOP urges the Committee to direct NIEHS to increase funding in the area of behavioral research.

National Heart, Lung, and Blood Institute (NHLBI)

The National Heart, Lung, and Blood Institute supports more behavioral research than any other NIH Institute. As I previously mentioned, the important link between behavior and the prevention of such diseases as heart disease, high blood pressure and lung diseases has been documented in two nationally recognized reports by the Surgeon General and the Institute of Medicine. The Administration's proposed research budget for FY 87 at NHLBI is

$785.7 million, a substantial $62.3 million cut from the FY 86 appropriated level. This drastic cut in NHLBI research funds would not allow for important behavioral research into such important issues as the how behavior affects the development of some of this nation's major causes of death. COGDOP strongly recommends increasing the research budget at NHLBI to at least the FY 86 appropriated level of $848 million.

National Cancer Institute (NCI)

The goal of the National Cancer Institute is to reduce cancer incidence, morbidity, and mortality. Cancer, again, is an example of a disease which is affected substantially by behavioral factors -- an individual's occupation, diet, and whether or not he or she smokes can increase the risk for developing cancer. Behavioral scientists have a major role to play in the prevention of cancer through research into these important behavioral influences. The Administration's FY 87 budget request for NCI is $1.158 billion, a reduction of $68 million from the FY 86 appropriated level. COGDOP requests the Committee to encourage NCI to greatly increase its support of behavioral research, particularly in the area of cancer prevention. We support a research budget for NCI of at least the FY 86 appropriated level of $1.226 billion.

There is one other critical NIH funding issues about which COGDOP has very serious concerns -- OMB's recent actions to cap universities' reimbursement for the administrative portion of indirect costs of research grants at 26% for FY 86 and at 20% for FY 87. While we certainly agree with the need to control the costs of federally funded research, we strongly object to the arbitrariness of the proposed caps on the administrative portion of indirect costs. While we were pleased that OMB agreed to delay implementation of these changes to OMB Circular A-21 for a few months, we feel that it is now imperative for OMB to listen to the affected parties before implementing these major changes. We ask the Committee to monitor this serious situation, and to ensure that all affected parties are given a reasonable opportunity to discuss with OMB the implications of the proposed cap on indirect costs.

Senator INOUYE. I was quite concerned with your numbers on the amounts spent by NIH for behavioral and social science research, 3 percent?

Mr. ISON. Three percent, sir.

Senator INOUYE. Which, I believe, demonstrates—as I have suggested on many occasions—that this area has very little political sex appeal. And we are not in a position to do this, but it would be helpful, I think, if we did the same thing as other specific illness groups do, entice and encourage the high visibility Hollywood-type people to get involved.

I think the biggest thing happening for your cause and alcoholism is Jason Robards and people like that. I don't suppose too many Hollywood people want to get involved with schizophrenia and paranoia and depression and such.

Mr. ISON. I'm afraid that is right; yes.

Senator INOUYE. I think you will have to work overtime on that, because that is how politicians respond.

Mr. ISON. Thank you, sir.

Senator INOUYE. Thank you very much.

STATEMENT OF DR. JERRY WIENER, PRESIDENT-ELECT, AMERICAN ACADEMY OF CHILD PSYCHIATRY

Senator INOUYE. Our next witness is Dr. Jerry Wiener, the president-elect, American Academy of Child Psychiatry.

Dr. WIENER. Thank you, Senator Inouye. I appreciate the opportunity to appear before the subcommittee. I appreciate your perseverance in staying and listening to all of the testimony from witnesses.

Written testimony has been submitted. If I may, I would like to make brief remarks and elaborate in some of those areas.

I am Jerry Wiener, president-elect of the American Academy of Child Psychiatry and chairman of the Department of Psychiatry at the George Washington University Medical School.

My purpose is to urge support of programs within the National Institute of Mental Health and other institutes that have direct influence on research and training affecting the diagnosis and treatment of children and adolescents with psychiatric disorders, including alcohol and substance abuse.

As a psychiatrist and child psychiatrist, I certainly endorse the recommendations for support for research, for research training, and for community support programs which have been well articulated here earlier. Without in any way competing with those, my purpose in particular is to support clinical training funds in that clinical training component of the budget.

The academy appreciates the past support of the subcommittee in recommending continued appropriations for clinical training as well as for the other components of the budget, especially considering that when zero funding has been requested or when significant decreases were part of the administration recommendation, the subcommittee has stood fast.

Each of these programs for clinical training, intramural and extramural research, research training, and the Community Support Program has contributed significantly to the understanding and treatment of childhood mental illnesses and yet the administration has proposed elimination of support and in particular for clinical training and for the Community Support Program, as well as bone cutting reductions in research and research training.

The NIMH Clinical Training Program is especially important for the continued support of child psychiatry manpower. I think it is prima facie that child psychiatry is a medical specialty that is in most shortage in this country. That has been reaffirmed by every official study including the Graduate Medical Education National Advisory Committee [GEMENAC] study. There are currently somewhat over 3,000 child psychiatrists practicing in the country. There is a reliably estimated 3 million children who have chronic and severe mental and psychiatric disorders who are in need of treatment and perhaps an additional 3 to 5 million who have significant emotional and mental and psychiatric disorders.

There is a very severe shortage of manpower in this specialty. That shortage is expected to continue for some time.

Cost containment by eliminating clinical training funds is counterproductive because training programs serve the communities in which they exist. Child psychiatry trainees under supervision serve as consultants to the schools, the courts, local agencies, in-patient and out-patient units, and a whole host of other agencies and facilities and institutions providing direct service during the training experience.

A large component of child psychiatry services and training is outpatient rather than hospital based. Support for out-patient based training is traditionally difficult and now, of course, there are increasing constraints on hospital based funding for graduate medical education.

NIMH clinical training funds, even at the minimal amount recommended, remain an important source of supplemental funds for support of training. In addition, the continuing appropriation of clinical training funds is an important communication of recognition by the Congress that the continuation of child psychiatry training is an important national resource and priority. As you know, all of the clinical training funds now allocated by the NIMH are within the priority areas that have been established by the Congress. Child and adolescent services are one of those, and one of the most important.

A final point is to reaffirm the past language specified that the clinical training funds be spent for those underserved populations. Your concern has kept the needs of children in the spotlight. Those needs will not diminish in the near future. The increase in high risk children due to low birth weight, premature birth, failure to thrive, the dramatic increase in adolescent suicide, the persistence of destructive aggression are but a few reminders of the continuing need for the highest quality professional training for prevention and early intervention services, prevention of life long emotional disorders is a budget go as well as an appropriate policy for child and adolescent mental health.

In regard to the issue of prevention which you raised earlier, I might mention that the academy's theme for this year is a specific focus on the issues of prevention and their implementation in the field.

I again urge you to continue that clinical training program support at the level of $26 million. These programs taken together, the clinical training, research, research training, and community support, are truly providing an interwoven safety net for the future. It is important to keep them all at a level higher than that which the administration has recommended.

If I could make one more brief comment. There have been proposals raised to shift a large amount of clinical training funds into stipend funding with payback requirements. For the field of psychiatry and training in psychiatry and child psychiatry, that would be an inefficient way to spend the money and an unproductive way to spend the money and I think a shortsighted and ultimately a poor way to spend the money for particular reasons. Some of the comments that were made earlier convey some misinformation about how the money has been spent earlier, I think.

When grants have been provided to departments of psychiatry for clinical training, the money has gone largely to support faculty in departments of psychiatry who teach medical students, who teach house staff who are training in other primary care specialties, and who teach psychiatry residents per se.

Each faculty person that you support teaches a very large number of people for the money obtained. The intent of teaching medical students and of teaching house staff in other specialties was never to encourage them to go into psychiatry or into child psychiatry. It was out of recognition of the fact that over 50 percent of primary mental health care presents itself in the general practitioner or primary care office and is most often unrecognized or not dealt with properly.

The intent was to make as many physicians as possible and particularly those going into primary care as informed and knowledgeable and sophisticated and sensitive to the issues of psychiatric disorder and mental health issues as possible. There was another purpose for the grants when they went into departments of psychiatry, and that was to supplement and help to enrich the program of training and particularly in many of these underserved areas, of those residents who were in psychiatry and while in psychiatry training, providing a large number of services almost entirely in the public sector or to individuals who would otherwise not be able to obtain that quality of care.

It was not in order to recruit. It was really to extent psychiatric knowledge, knowledge about emotional disturbance and illness to a much broader population. That has been somewhat narrowed with the priority areas as defined and the money is now going into training in those priority areas.

Psychiatry competes with all other medical specialties for its trainees. That is a competition which has required a supplementation in terms of training support for departments of psychiatry and I think can be demonstrated without question to have had an enormous payoff in terms of the public health and in terms of the sophistication of the profession about psychiatry. Other mental health disciplines may not need the training funds in the same way, they may have a greater requirement or need for direct stipend support rather than faculty support. I think that is an issue for the different disciplines to deal with in terms of where their greatest needs are and where the greatest payback will be.

I didn't want to leave you, sir, and the committee with the impression that those clinical training funds were being spent in order to try and recruit medical students or nonpsychiatry physicians into psychiatry. It was quite the opposite, it was to give them a broader base of knowledge for the practice they would have in the future.

Thank you, sir.

Senator INOUYE. You must have anticipated my question. That was the precise question I was about to ask.

Dr. WIENER. Did I answer it satisfactorily?

Senator INOUYE. I think the ball is in the APA's court now.

Dr. WIENER. Can I answer any other questions?

PREPARED STATEMENT

Senator INOUYE. I think you have done very well, very patiently. I thank you very much.

[The statement follows:]

STATEMENT OF DR. JERRY WIENER

The American Academy of Child Psychiatry is pleased to have this opportunity to present a statement for the Subcommittee's hearing on the President's 1987 budget request for the National Institute of Mental Health.

I am Jerry Wiener, Chairman of the Department of Psychiatry at George Washington University and President-elect of the American Academy of Child Psychiatry. My purpose today is to urge members of the Subcommittee to support programs within the National Institute of Mental Health that have direct influence on research and training effecting the diagnosis and treatment of children and adolescents with psychiatric disorders, including alcohol and substance abuse.

AMERICAN ACADEMY OF CHILD PSYCHIATRY

The American Academy of Child Psychiatry is a national, professional association of over 3,200 child psychiatrists. Its members are physicians who have completed an adult psychiatry residency and two years additional fellowship training in child psychiatry. Child psychiatry is the medical discipline concerned with the prevention, diagnosis and treatment of developmental and psychiatric disorders in children, adolescents and families. These disorders include affective illness, attentional and learning disabilities, schizophrenia, substance abuse, eating disorders, suicide and conduct disturbances.

RECOMMENDATIONS

The Academy appreciates the past support of the Subcommittee in recommending continued appropriations for NIMH clinical training, research, research training, and community support programs, especially considering that zero funding has been requested by or when significant decreases were part of the President's budgets. The Academy recommends the following amounts for Fiscal Year 1987 for those NIMH programs:

for clinical training............$26 million,

for intramural and extramural research....$272 million,

for research training............$31.3 million,

and for the Community Support Program, which includes the

Child and Adolescent Service System Program.......$20 million.

Each of these programs has contributed significantly to the understanding and treatment of childhood mental illnesses, yet the Administration has proposed elimination of support for clinical training and for the Community Support Program, and bone-cutting reductions in research and research training.

Clinical Training

The NIMH clinical training program is especially important for the continued support of child psychiatry manpower. When I last testified before this Subcommittee, in 1979, I recommended a funding level of $85 million for clinical training; today, I recommended a level of $26 million, which is a modest increase over the $19 million available in FY 1986 after the sequestration.

The amounts have decreased, but the need for more child psychiatry trainees has not. The number of identified emotionally disturbed children continues to rise. Recent studies estimate the number of children in need of mental health services at seven to ten million, with three million children chronically mentally ill.

The Administration proposes that, "because of past federal support for clinical training, a shortage of mental health professionals no longer exists." This is simply not accurate, especially for the profession of child psychiatry. In 1980 the Graduate Medical Education National Advisory Committee (GMENAC), identified child psychiatry as the medical specialty in most severe shortage. The Committee's report carefully notes the projected requirements for child psychiatry in the coming years:

> "...The Modeling Panel in reviewing the data on child psychiatry recommended that a range of 8,000 to 10,000 child psychiatrists be required for 1990. This range represents a dramatic increase in the number of child psychiatrists projected for 1990..., yet has been advanced as an achievable goal which does not address all of the large unmet mental health needs of children."

At the same time as there have been dramatic advances in our understanding and ability to diagnose and treat children and psychiatric illness, the number of child psychiatry trainees does not fill the number of vacancies available in the training programs. The number of child psychiatric residents graduating over the next few years will barely replace the attrition.

One hundred twenty-eight approved child psychiatry training programs have a capacity to train 665 child psychiatrists, but only 537 residents are in these programs, and half of these residents will finish their programs next month.

In a 1985 survey of 96 child psychiatry training programs in medical schools, 84 percent indicated a need for additional faculty. Fifty-one training programs have a total of 80 funded faculty vacancies. These indications of the shortage of faculty and trainees mean fewer child psychiatrists available to provide adequate care to an already underserved and unserved number of children and adolescents with serious emotional disturbances.

Cost containment by eliminating clinical training funds is counter-productive for several reasons:

1. Training programs serve the communities in which they exist. Child psychiatry trainees under supervision serve as consultants to the schools, the courts, the local health agencies, inpatient and outpatient units, guidance centers, preschools, retardation programs, neighborhood centers, adolescent homes, and special emergency units for child abuse, drug abuse, or family violence.

2. A large component of child psychiatry services and training is outpatient rather than hospital-based. Support for outpatient-based training is traditionally difficult and now, of course, there are increasing constraints on hospital-based funding for graduate medical education. NIMH clinical training funds, even at the minimal amount recommended, remain an important source of suplemental funds for support of training. In addition, the continuing appropriation of clinical training funds is an important communication of recognition by the Congress that the continuation of child psychiatry training is an important national resource and priority.

We know that the training is long and the pay low, and that as disincentives arise to discourage entry into the profession, the future shortage of the professional manpower pool to care for children will result in the most costly alternative of all: untreated children who become dependent, emotionally disturbed and dysfunctional adults.

3. A final point is to commend the members for their past report language specifying that clinical training funds be spent for certain underserved populations, including children. Your concern has kept the needs of children in the spotlight. These needs will not diminish in the near future: the increase in high risk children due to low-birthweight, premature birth, or failure to thrive; the dramatic increase in adolescent suicide and the persistence of destructive aggression are but a few stark reminders of the continuing need for the highest quality professional training for prevention and early intervention services. Prevention of life-long emotional disorders is a budget goal as well as an appropriate policy for child and adolescent mental health.

So, I again urge you to continue to support the NIMH clinical training program in the 1987 budget at a level of $26 million. In doing so, I do not intend to imply that research, research training and the Community Support programs are any less vital or of any lower priority. These programs taken together are an interwoven true safety net for the future. I will submit the entirety of my testimony for the record regarding the need to support increases in the research and research training programs, as well as the Community Support Program with its Child and Adoldescent Service System Program.

STATEMENT OF JOSEPH PALOMBI, M.D., CHAIRPERSON, THE NATIONAL CONSORTIUM FOR CHILD MENTAL HEALTH SERVICES

Senator INOUYE. Our next witness is Dr. Joseph Palombi, the chairperson of the National Consortium for Child Mental Health Services.

Dr. PALOMBI. Mr. Chairman, I have submitted more complete testimony and would ask that it be considered.

Senator INOUYE. So ordered.

Dr. PALOMBI. Thank you. I would like to highlight certain issues today.

The National Consortium for Child Mental Health Services greatly appreciates this opportunity to testify before the subcommittee and yourself, sir. Congress has clearly shown firm support for children's mental health services, particularly in initiating the Child and Adolescent Service System Program in 1984, and the consortium members thank you for that.

We will be focusing on that program per se, but I am here today to testify more broadly about the special mental health needs of children and adolescents.

I am Dr. Joseph Palombi, current chairperson for the National Consortium for Child Mental Health Services, and a private practitioner of child and adolescent psychiatry.

The consortium was formed in 1971 to inform and promote understanding about the emotional disturbances of children under age 18 and the special services they require. The consortium has 19 member organizations, which are listed at the end of this testimony, all of the members being national, consumer, professional, and provider organizations.

We meet quarterly here in Washington to review the state of mental health services for children and to act on activities and issues that need unity and national information strategies to assist their adoption. We appreciate the subcommittee's support in the past for specific Federal programs for mental health services for children and adolescents.

Specifically, the National Consortium for Child Mental Health Services recommends the following funding levels for programs with special support for child mental health services. No. 1, the NIMH Child and Adolescent Service System Program [CASSP], $6.2 million, from the recommended $20 million for the General Community Support Program.

Second, for the alcohol, drug abuse, and mental health block grant, $576 million. Third, for the NIMH Clinical Training Program, as Dr. Wiener has very clearly pointed out, at the National Institute of Mental Health, $26 million, with report language specifying the underserved population of children and adolescents and directing clinical training funds to be used for mental health specialists who care particularly for children and adolescents.

Fourth, for the NIMH Research Training Program, $31.3 million. Finally, for the NIMH research programs, $272 million, again with report language noting the special research needs particularly of children and adolescents such as those areas singled out by the Institute of

Medicine study mentioned frequently here today: No. 1, developmental disorders of infancy; No. 2, hyperkinetic behavioral and attention deficit disorders; and No. 3, specific psychotic disorders of children.

Each of these recommendations is in response to the reported 7 to 12 million children in this country suffering with an emotional disturbance. Estimates put the seriously, chronically mentally ill at approximately 3 million, with only one-third of them receiving appropriate services.

We can estimate that 10 percent of the Nation's children suffer some form of depression before age 12, and yet depression is still largely unrecognized and misunderstood.

Adolescent admissions to mental health facilities have increased more than 300 percent over the past 5 years, and we are all aware of the many other difficulties that children and adolescents suffer from: drug abuse, teenage pregnancies, economic and societal pressures, and unstable family life.

The Education for all Handicapped Children Act, the ADAMHA block grant, Medicaid in its early periodic screening diagnosis and treatment programs, nutrition programs and the block grant for child and maternal health, have all contributed greatly to children's mental health care, but the vast majority of children in need remain unserved even by programs that should be within their reach.

It is for this reason that the consortium focuses its support for fiscal year 1987 funding on the Child and Adolescent Service System Program. We ask specifically that the subcommittee again overrule the President's budget request for zero funding and appropriate the Community Support Program at $20 million, $6.2 million specified for the Child and Adolescent Service Program.

I must add that this program is clearly in the preventative realm, apropos to your earlier question, in a very unique way. This program, known as CASSP, was initiated in 1984 when the subcommittee and Congress agreed to an appropriation of $1.5 million. State agencies, even when recognizing the small amount that had been appropriated for nationwide competitive bidding, responded overwhelmingly.

Forty-four applications were received, and 10 grants of $150,000 were awarded. In 1985, fortunately, another 12 applications were approved, with $3.9 million in fiscal year 1986 appropriation. Postsequestration appropriations for fiscal year 1986 provided $4.7 million to fund continuations, technical assistance, and a few new grants. A total of 24 States are now participating, including Hawaii, each according to its own plan design in the CASSP Program. A small proportion, $900,000, has gone to providing technical assistance.

The results of this cooperative effort for healthy children and adolescents who receive appropriate mental health care are extremely encouraging. There is evidence that emotionally disturbed children are receiving more and better services in those States that have been funded, that they are not as liable to fall through the cracks or through the safety net.

The consortium is clearly recommending that for the fourth year funding, CASSP receive the $6.2 million from a total of $20 million from the Community Support Program.

The resulting grants from this amount would mean approximately 10 more States could begin work on coordinating a full range of services for children and adolescents in serious need, the technical assistance programs move forward to support all of the State programs, and that all of those involved—Federal, State, and local agencies—would be compelled to, No. 1, identify service gaps and barriers, No. 2, develop service options that do not exist, and No. 3, develop mechanisms for overcoming barriers by changing State regulations, legislations and services.

The consortium recently heard from the Ohio CASSP director, who reported that the original $150,000 from the Federal appropriation had been clearly supplemented by the State to ensure continuation of the program and cooperation among various agencies. The State plan brought together mental health agencies, human service or welfare agencies, youth services and juvenile justice, the educational department and the health department, and agencies handling services for the mentally retarded and developmentally disabled.

Within these agencies being brought together, specific interagency agreements on comprehensive services were more easily developed and carried out. Ohio is clearly one of the few States that does individual case reviews to ensure that the child is receiving the services available.

There are now in Ohio and many of the other States coordinating bodies at the county level for these multineed children, and resources are being used much more effectively, which clearly means freeing money for other purposes.

Ohio is only 1 of the 22 States receiving funding, and the National Consortium for Child Mental Health Services urges the subcommittee to clearly support the Community Service Program and the child and adolescent service system appropriation in order that all States applying for assistance could be accommodated. Clearly, no child should go without mental health services. It could mean a lifetime of suffering.

I thank you again for this opportunity to discuss one of the federally supported programs supported by the consortium, and I would be happy to answer any questions in this area.

PREPARED STATEMENT

Senator INOUYE. You have answered most of my questions. Thank you very much, sir.

Dr. PALOMBI. Thank you, sir.

[The statement follows:]

STATEMENT OF JOSEPH PALOMBI

The National Consortium for Child Mental Health Services appreciates this opportunity to testify before the Subcommittee on Labor, Health and Human Services, and Education. The issue of mental health services for all Americans has gained attention in recent years as a subject for government study and legislation. We have seen consideration of the Community Mental Health Center Act, the Mental Health Systems Act, the just completed work on protection and advocacy for people with mental illnesses, and we have the pending bills supporting group homes and new certification methods. Congress has shown firm support for children's mental health services, especially in initiating the Child and Adolescent Service System Program in 1984 and the Consortium members thank you for that. I am here today to testify about those special mental health needs of children and adolescents.

I am Dr. Joseph Palombi, current chairperson of the National Consortium for Child Mental Health Services. The Consortium was formed in 1971 to inform and promote understanding about the emotional disturbances of children under age 18, and the special services they require. The Consortium has 19 member organizations, which are listed at the end of this testimony. All of the members are national, consumer, professional and provider organizations. We meet quarterly to review the state of mental health services for children and to act on activities and issues that need unity and national information strategies to assist their adoption.

We appreciate the Subcommittee's support given to specific federal programs for mental health services for children and adolescents. We urge your continued support for the existing programs within the Alcohol, Drug Abuse and Mental Health Administration, with its National Institutes of Mental Health, Alchol Abuse and Alcholism, and Drug Abuse; the National Institute of Child Health and Human Development; and for the Department of Education's Office of Special Education.

RECOMMENDATIONS

The National Consortium for Child Mental Health Services recommends the following funding levels for programs with special support for child mental health services:

- For the NIMH Child and Adolescent Service System Program $6.2 million, from a recommended $20 million for the Community Support Program;
- For the Alcohol, Drug Abuse and Mental Health Block Grant, $576 million;
- For the NIMH clinical training program at the National Institute of Mental Health, $26 million, with report language specifying the underserved population of children and adolescents and directing clinical training

funds to be used for mental health specialists who care for children and adolescents;

- For the NIMH research training program, $31.3 million, and
- For the NIMH research programs, $272 million, again, with report language noting the special research needs of children and adolescents, such as these areas singled out by the Institute of Medicine: 1. developmental disorders of infancy, 2. hyperkinetic behavioral and attention deficit disorders, and 3. psychotic disorders in children.

Each of these recommendations is in response to the reported 7 to 12 million children in this country suffering with an emotional disturbance. Estimates put the seriously, chronically mentally ill at three million, with only one-third of them receiving appropriate services. We can estimate that 10 percent of the nation's children suffer some form of depression before age 12, and yet depression in children is still largely unrecognized and misunderstood. The 1.2 million reported cases of child abuse, including sexual abuse, contribute to the numbers of emotional disorders in children and adolescents.

Adolescent admissions to mental health facilities have increased more than three hundred percent over the past five years. The influences contributing to the increased need for services show no sign of diminishing — drug abuse, teen-aged pregnancies, economic and societal pressures, and unstable family life, can result in the need for a continuum of services available to children and adolescents whenever they come in contact with a federal, state or local agency.

The Education for All Handicapped Children's Act, the ADAMHA Block Grant, Medicaid with its Early, Periodic Screening, Diagnosis and Treatment Program, nutrition programs, and the block grant for child and maternal health all contribute greatly to children's mental health care, but the vast majority of children in need remain unserved, even by programs that should be within their reach.

Too often there is not the coordination of systems needed to respond when an emotional disturbance threatens to retard development in children and adolescents. For adults, the onset of a mental health problem does not mean the loss of critical months or years of normal growth and development. For children, the loss of time from their family, friends, school and normal experiences can mean a lifetime of catching up or permanent setback.

It is for this reason, the Consortium focuses its support for Fiscal Year 1987 funding on the Child and Adolescent Service System Program. We ask that the Subcommittee again overrule the President's budget request for zero funding and appropriate the Community Support Program at $20 million, with $6.2 million specified for the Child and Adolescent Service System Program.

CHILD AND ADOLESCENT SERVICE SYSTEM PROGRAM

This program, known as CASSP, was initiated in 1984, when this Subcommittee and Congress agreed to an appropriation of $1.5 million to improve state service delivery systems for severely, emotionally disturbed children and adolescents. State agencies, even when recognizing the small amount that had been appropriated for nationwide competitive bidding, responded overwhelmingly. Forty-four applications were received, and 10 grants of $150,000 were awarded. In 1985, another twelve applications were approved with the $3.9 million FY 1986 appropriation. Post-sequestration appropriations for FY 1986 provided $4.7 million to fund continuations, technical assistance and a few new grants. A total of 24 states are now participating — each according to its own plan design — in the CASSP program. A small portion, $900,000, of the appropriation has gone to providing technical assistance.

The National Consortium for Child Mental Health Services has supported this initiative since its beginning. Members have followed the appropriation process, the applications, the technical assistance, the implementation of the individual programs and the early evaluations. Every member of the Consortium is in agreement that this is the ideal federal program: one that combines comparatively modest funding with a high degree of need for a particular service, and results in states being encouraged to create a system best suited to their needs.

The results of this cooperative method for helping children and adolescents receive appropriate mental health care are very encouraging. There is evidence that emotionally disturbed children are receiving more and better services in those states that have been funded; that they are not as liable to "fall through the cracks" or through the "safety net." The Consortium is recommending that for the third year of funding, CASSP receive $6.2 million from a $20 million Community Support Program appropriation.

The resulting grants from this amount would mean:

- approximately 10 more states could begin work on coordinating a full range of services for children and adolescents in serious need,
- the technical assistance program moves forward to support all of the state programs, and
- that all of those involved — the federal and state agencies — are compelled to 1. identify service gaps and barriers, 2. develop service options that do not exist, and 3. develop mechanisms for overcoming

barriers by changing state regulations, legislation and funding patterns that could hamper provision of the new services.

And, in looking to the future, it means that once a state has developed a comprehensive system on the state level, CASSP promotes the translation of these systems to the community level. There is a plan in place that moves from cooperation at the federal to the state and local level. This policy of cooperation has been recommended by almost every federal commission, whether it is for education, health or mental health. No single level of government provides all of the services, nor is one standard of service provision demanded.

The Consortium recently heard from the Ohio CASSP director, who reported that the original $150,000 from the federal appropriation has been supplemented by the state to ensure combination of the program and cooperation by the agencies. The state plan brings together the mental health agency, the human service (welfare) agency, youth services (juvenile justice), the education department, the health department, and the agency handling services for the mentally retarded and developmentally disabled. With these six agencies being brought together, inter-agency agreements on comprehensive services for children are more easily developed and carried out. Ohio is one of the few states that does individual case reviews to ensure that the child in question is receiving the services available. There are now local coordinating bodies at the county level for "multi-need" children, and resources are being used more effectively, which means freeing money for other new programs. Instead of four different diagnostic evaluations being required for one child, one evalution is done and the results shared with the other agencies.

Ohio is only one of the 22 states receiving funding through the CASSP program. The National Consortium for Child Mental Health Services urges this Subcommittee to support the Community Support Program and the Child and Adolescent Service System Program appropriation in order to fund all of the states applying for assistance. No child should go without mental health services. It can mean a lifetime of suffering. With federal, state and local cooperation no child has to go without help.

Thank you again for this opportunity to discuss one of the federal programs supported by the National Consortium for Child Mental Health Services. I will submit the rest of the testimony to the record and will answer any questions that you have at this time.

Members of the National Consortium for Child Mental Health Services:

American Academy of Child Psychiatry
American Academy of Pediatrics
American Association of Children's Residential Centers
American Association of Psychiatric Services for Children
American Medical Association
American Orthopsychiatric Association
American Psychiatric Association
American Psychological Association
American Society for Adolescent Psychiatry
Child Welfare League of America
Children's Defense Fund
National Association of School Psychologists
National Association of State Mental Health Program Directors
National Center for Clinical Infant Programs
National Congress of Parents and Teachers
National Council of Community Mental Health Centers
National Mental Health Association
Psychiatric Adolescent & Child Treatment & Education Coalition
Society of Professors of Child Psychiatry

STATEMENT OF DAVID J. MACTAS, PRESIDENT, THERAPEUTIC COMMUNITIES OF AMERICA

Senator Inouye. Our next witness is the president of the Therapeutic Communities of America, Mr. David J. Mactas.

Mr. Mactas. Thank you.

It is a pleasure meeting you, Senator, and a privilege to testify before the subcommittee.

I will highlight some of those issues addressed in my written testimony and would request that same be admitted into the record.

Senator Inouye. Without objection, your full statement will be made part of the record.

Mr. Mactas. Thank you very much.

I am David Mactas. I am, first of all, executive director of Marathon House, Inc., which is New England's largest drug-free residential treatment network, which was established in 1967 and operates in four States in New England.

It is also my honor to be president of Therapeutic Communities of America, which is the principal association of nonprofit, drug-free residential programs, representing some 300 agencies. These are agencies that constitute, I would represent, our Nation's first line of defense against hardcore drug abuse. These are the hardcore, mostly indigent heroin and cocaine abusers, who are not able to afford the proprietary profitmaking facilities and who do not enjoy insurance coverage because they are not gainfully employed and could not afford same.

Athletes, airline pilots, politicians, physicians, Hollywood luminaries, and even royalty have fueled the present fixation on the pervasive drug problem. The profusion of such reports, coupled with comprehensive coverage of dramatic and massive drug busts, serves to maintain a sense of futility among the populace.

We are losing the so-called war on drug abuse, they conclude. This view is reinforced by the news that with all the manpower and expense associated with interdiction, no more than 15 percent of imported drugs are seized. Frustration over what is perceived as scratching the surface results in the inevitable pleas for legalization of marijuana, cocaine, heroin, and the like.

While our citizens learn of the lifestyles of the rich and famous, the plight of the poor, unemployed, less educated drug abusers continues to gnaw at our social fabric. Moreover, I would propose that what we are seeing today is merely the tremor of a social Kilauea, and we haven't felt its full force yet.

Although hardly good copy, the plight of these folks represents the lion's share of the problem in the Nation. Virtually all who seek treatment enter private, nonprofit programs which rely on public funding. These agencies serve a largely indigent population, as I have said, with a significant concentration of minority clients.

The therapeutic community employs the self-help concept of treatment. These facilities are primarily run by the clients and provide an environment conducive to personal growth. The staff serve as facilitators in an environment which, according to a 1978 NIDA report, yields the most successful outcomes for this group.

I would like to point out that the average cost per day for treatment in a therapeutic community is under $40. At Marathon House, which is in New England, our average cost per day is approximately $30. The average spent on the purchase of drugs prior to treatment is $138 per day. It should be noted, Senator, that for the $138 per day that an addict spends on drugs, he probably has to steal about 1,000 dollars' worth of convertible goods that he can sell to commandeer that $138. To look at how pervasive the problem is and to what extent that problem is, I would suggest that approximately $2 million a day is stolen by this Nation's addicts.

Our clients are primarily heroin and cocaine abusers, and about one-half of those clients were offered placement in a therapeutic community as an alternative to incarceration. As I have said, the average cost per day for treatment is $40, and it is approximately $100 a day if that person was placed in a jail cell, if you had the jail cell. If you didn't have the jail cell, it would cost, from what I understand, approximately $120,000 to build a jail cell.

So the economic efficacy is graphic, as well as the rehabilitative efficacy.

Those who seek the help of a therapeutic community are considered without regard to their ability to pay for treatment. Our admission policies are inclusionary. Staff, while historically underpaid, are compassionate, committed professionals who are dedicated to humane and sound treatment and an improved social condition.

At this point in time, the state of the art relative to admission for indigent clients who are hardcore drug abusers is this. At Marathon House alone, in three of the four States we operate, we are the only drug-free alternative to incarceration for the hardcore. We have 90-day waiting lists in those three States so addicts can get into treatment, period.

As a matter of fact, in the State of Rhode Island alone, if you are an adolescent drug abuser who requires drug-free residential treatment, you are out of luck. Programs don't exist. So what we do is either wait until they are old enough to go to jail or wait until they are old enough to get into an adult program. That is not very wise, nor is it very economic or humane.

Those populations that we are not serving at all or hardly addressing are, in addition to the adolescents, the elderly and AIDS clients. That intravenous drug users are a high risk group for AIDS is clear. In a recent study in New Jersey, it was found that of all such cases reported, 45 percent were heterosexual intravenous drug users. By April 1985, almost 600 cases had been diagnosed in New Jersey.

As legions of health professionals shun the AIDS patient, not one staff member has left the employ of Marathon House out of fear of contracting the disease. Clients are treated with respect and sensitivity, not with revulsion and household bleach.

The combination of a therapeutic community approach and respite care for our afflicted clients is a proposition which ought to be pursued. The Centers for Disease Control make evidence graphic of the geometric rise in the incidence and prevalence of AIDS.

There are no magic cures, Senator. The reclamation of a human spirit takes time and hard work. In this field, miracles are few and far between. One is reminded of the cure discovered for morphine addiction. It was deemed safe and nonaddictive. Its name was testimony to its miraculous introduction: heroin. The medical and pharmaceutical professions were wrong about that drug.

Celebrities enter the Betty Ford Clinic, if you read the newspapers. Dope fiends enter a drug abuse center. It seems to me that for the rank and file of our population, that for the celebrity, the treatment approach tends to mimic the consumer of that approach. If you go to the Betty Ford Clinic, the clinic enjoys celebrity. If you are a hardcore indigent dope fiend, you enter a drug abuse center, and hence our image falls.

We have no champions of our cause. While celebrities are champions of the cause for the wealthy, for the athlete, for the luminary, we look to Congress to champion the cause of the plight of the indigent in this regard.

PREPARED STATEMENT

Consistent with that, Therapeutic Communities of America recommends that the full amount authorized for the ADM block grant be appropriated. In addition, as one of the past witnesses referenced, we support that $90 million be dedicated to drug abuse, prevention, and treatment out of the amendment to the State budget resolution, and I believe that was introduced by Senator D'Amato.

I thank you.

[The statement follows:]

STATEMENT OF DAVID J. MACTAS

My name is David Mactas. Thanks so much for the opportunity to present testimony before the Subcommittee.

I am Executive Director of Marathon House, Inc. Serving four states, Marathon House is the oldest (est. 1967) and largest treatment agency of its kind in New England. In addition, since 1984, I have been President of Therapeutic Communities of America (TCA).

Founded in 1975, TCA has evolved into the principal association of non-profit residential drug-free programs in the United States, representing some 300 agencies.

Given the leadership and composition of the Subcommittee it is indeed difficult to offer that which has not been heard. The plaintive cries from "the trenches" have done little to further the plight of service providers thus far.

Incidence and prevalence data all support the view that our substance abuse problems persist. Attorney General Meese, while claiming "a measure of success," conceded that in 1984 "...there was an increase in the illicit use of all dangerous drugs..."

Drug abuse news continues to dominate the printed and electronic media. It was reported that Princess Margaret was amused as she watched members of the Rolling Stones sniff cocaine before a 1976 concert. Athletes, airline pilots, politicians, physicians, Hollywood luminaries, and, yes, even royalty have fueled the present fixation on the pervasive drug problem. The profusion of such reports, coupled with comprehensive coverage of dramatic and massive drug busts, serves to maintain a sense of futility among the populace. We're losing the so-called "War on Drug Abuse," they conclude. This view is reinforced by the news that, with all the manpower and expense associated with interdiction, no more than 15% of imported drugs are seized. Frustration over, what is perceived as, scratching the surface, results in the inevitable pleas for legalization of marijuana, cocaine, etc.

While our citizens learn of the "Lifestyles of the Rich and Famous," the plight of the poor, unemployed, less educated drug abusers continues to gnaw at our social fabric. Although hardly good copy, this contingent constitutes the lion's share of the problem. Virtually all who seek treatemnt, enter private non-profit programs which rely on public funding. These agencies serve a largely indigent population with a significant concentration of minority clients.

The Therapeutic Community (TC) employs the self-help concept of treatment. TC's maintain facilities which are, for the most part, run by the clients, and conducive to personal growth. Staff serve as facilitators in an environment which, according to a 1978 NIDA report, yields "...the most successful outcomes."*

The "1986 Model" TC is humane, clinically sound, cost-effective and accountable. Nation wide, the average cost per day is under $40. The average spent on the purchase of drugs prior to treatment is $138/day. It should be noted that, perhaps $1,000 must be commandeered daily by each drug abuser in order to yield the $138. We estimate that approximately $35 million/year is spent by those people who, ultimately, enter TC's.

Our clients are, primarily, heroin and cocaine abusers. As stated above, it is a largely indigent population with many on public assistance. Moreover, for about half, placement in the TC was an alternative to incarceration, at less than one half the annual expense.

The economy of a TC placement can be multiplied by an estimated 12,000 - the approximate number of such slots utilized annually at TCA member programs. However, this number continues to fall, while waiting lists expand.

Increased costs, coupled with the prospect of level or diminished block grant funding, perpetuates the treatment dilemma. To support our efforts, it has become necessary to decrease contractual capacities. While this would seem to address operating deficits, our reluctance to keep beds unfilled translates into overcrowding and, ultimately greater deficits. For example, in the Commonwealth of Massachusetts, the average utilization for residential drug free programs for the first half of FY85 was 124%.

Those who seek the help of a Therapeutic Community are considered without regard to their ability to pay for treatment. Our admission policies are inclusionary. Staff, while historically underpaid, are compassionate, committed professionals who are dedicated to humane and sound treatment and an improved social condition.

We continue to adapt to changing patterns of drug abuse and the changing profile of the drug abuser. Simply put, we are doing the best we can, given existing resources. However, "the best we can" is not good enough.

*DHEW Publication No. (ADM) 79-765

Substance abuse among the elderly is an issue largely unaddressed. Prescription drug abuse within this population is a growing problem. Education and self-help programs are needed.

Adolescents are under-served. In Rhode Island, for example, an adolescent male who requires residential drug-free treatment is out of luck. There is no resource.

That intravenous drug users are a high risk group for AIDS is clear. In a recent study in New Jersey,* it was found that of all such cases reported, 45% were heterosexual intravenous drug abusers. By April, 1985, almost 600 cases had been diagnosed in New Jersey.

As legions of health professionals shun the AIDS patient, not one staff-member has left the employ of Marathon House out of fear of contracting the disease. Clients are treated with respect and sensitivity - not with revulsion and household bleach. The combination of the therapeutic community approach and respite care for our afflicted clients is a proposition which ought be pursued. The Centers for Disease Control tell us that we are still seeing "geometric" growth in the incidence of AIDS.

There are no magic cures. The reclamation of a human spirit takes time and hard work. In this field, miracles are few and far between. One is reminded of the cure discovered for morphine addiction. It was deemed safe and non-addictive. Its name was testimony to its miraculous introduction - Heroin.

Celebrities enter the Betty Ford clinic, while dope fiends enter "a drug treatment program." Athletes, actors and rock stars have "drug problems" while the indigent are "addicted." Curiously, physicians are deemed "impaired."

We non-profits are egalitarian. It is that which our clients have in common which provides the impetus for treatment. To confront one's personal deficits is often painful, but there is no easy way out - especially for the hard core.

The President has recommended that $490 million be appropriated for FY'87 under the Alcohol, Drug Abuse and Mental Health Block Grant. This reflects the restoration of dollars cut via the Gramm-Rudman-Hollings legislation, thus returning to the FY'85 level.

While we are grateful that the President seeks this restoration, it should be noted that, when adjusted for inflation, there has been a 45% reduction in federal support for such services since FY'80.

*Community Epidemiology Work Group Proceedings - Drug Abuse Indicator Patterns and Trends, December, 1984 - NIDA

In summary, all of us in the prevention, education, and treatment sectors need your help. It is urged that the full amount authorized for the ADMS Block Grant Program - $576 million - be appropriated.

With your advocacy, the sense of futility which pervades the taxpaying contingent, will give way to a spirit of celebration. Our victories are demonstrable and dramatic. Our commitment unwavering. Our potential limitless.

Again, many thanks for the honor of offering the present testimony.

Senator INOUYE. I think you have painted a better perspective of what is happening with the drug abuse center and—what is the other celebrity-type organizations?

Mr. MACTAS. Well, the profitmaking proprietaries, which I care not to mention here because they have their own public relations budget; we don't.

Senator INOUYE. How many clients have you had, or do you have in a period of 1 year?

Mr. MACTAS. Throughout our whole system, over the course of the year through Therapeutic Communities of America, 28,079 was for the year 1985, and that scratches the surface, Senator.

Senator INOUYE. I wish you the best, sir. We wish ourselves the best.

Mr. MACTAS. Thank you. With your help, the best will get better. Thank you.

Senator INOUYE. Thank you very much.

STATEMENT OF LUCIELLE ECHO HAWK, COUNCIL OF ENERGY RESOURCE TRIBES

Senator INOUYE. Our final witness is from Denver, Ms. Lucielle Echo Hawk, representing the Council of Energy Resource Tribes [CERT].

Welcome, Ms. Echo Hawk.

Ms. ECHO HAWK. Thank you, Senator, and thank you for making time for CERT's testimony today. We very much appreciate that.

Senator INOUYE. Well, I have been told you flew all day from Denver. The least we can do is listen to you.

Ms. ECHO HAWK. You are very kind, and I apologize for CERT's internal confusion on when we were supposed to appear.

I am executive assistant to the director of CERT, David Lester, and we certainly appreciate the committee's time.

As you know, CERT is an organization of American Indian tribes that own substantial amounts of energy resources in this country. It was begun some 10 years ago by 25 tribes, and our count now stands presently at 42. It just recently increased by one at our recent board meeting in April. So we appear, in the member tribes' view, as viable and extremely important to the future development of tribes.

We are here today to express our views on the budget request of the Administration for Native Americans [ANA] in the Health and Human Services Department, which I am sure is no news to you has been very,

very important to the development of tribes in their governing responsibilities and their efforts to develop strategies for economic and social self-sufficiency in the future over the years, particularly under the leadership of CERT's current director, David Lester, who served as commissioner of that agency for 4 years, both under the Carter administration and under President Reagan.

Historically, ANA has operated on a very small budget and certainly is proposed to continue along that line on an even smaller budget, and we would like to positively comment on the amount, though it is small in actual dollars, that has been afforded to Indian tribes. It has really made a major difference in Indian country, and we trust that the committee will continue its support of that agency into the future as it continues to provide that kind of much-needed assistance in Indian country. Its flexible moneys and its policy direction aimed at economic and social self-sufficiency is extremely, extremely important to Indian country.

CERT's role in all of that as a coalition of 42 tribes has been, of course, the direct assistance to those tribes, and particularly in terms of the organization sense, the training and technical assistance moneys of ANA, some of which have available to CERT as an organization, and we feel that we have made very effective use of those dollars that we received in behalf of the tribes along these same lines.

I will just make brief reference to President Reagan's Indian policy statement of 1983, and also his Presidential Commission on Indian Reservation Economies, both in the sense of his policy direction, the direction of his statement, and ANA has certainly responded in a positive way, and the Commission made a special note of ANA's activities in terms of its comments and recommendations for the future.

I think we need to realize and compliment the committee on your activities in terms of preserving the training and technical assistance budget of ANA which has been proposed to be eliminated and we would, of course, encourage the committee to ensure that it remains as a part of ANA's budget.

I will stop there and answer any questions that I can.

Senator INOUYE. I can assure you that the chairman is most sympathetic to your cause. I am certain the full committee will go along with the chairman's recommendations. I see no reason why it should not be continued. You can tell your organization that your trip from Denver was not in vain.

Ms. ECHO HAWK. Thank you, sir.

PREPARED STATEMENTS

Senator INOUYE. I thank you very much for your participation. Your statement will be included in its entirety at this point along with other statements for the record on Alcohol, Drug Abuse, and Mental Health Administration appropriations.

[The statements follow:]

STATEMENT OF A. DAVID LESTER, EXECUTIVE DIRECTOR, COUNCIL OF ENERGY RESOURCE TRIBES

Mr. Chairman, distinguished Committee members, my name is A. David Lester, Executive Director of the Council of Energy Resource Tribes (CERT). Our member tribes thank you for this opportunity to address your Committee regarding the Administration's FY 1987 budget and programs of the Administration for Native Americans.

The Council of Energy Resource Tribes is a multitribal organization of 42 tribes who collectively represent nearly half of all American Indians living on or near reservations and account for some 51,000 square miles of tribal lands; about 60% of all reservation lands in the country. These lands contain 700 million barrels and 5,000 billion cubic feet of proven oil and gas reserves, respectively, which represents approximately 7% of total national on-shore reserves. The tribes also own 30 billion tons of recoverable coal which is about one-third of the recoverable coal in the west; and tribal lands contain half of the nation's privately owned uranium reserves. Additionally, they possess significant hydroelectric and geothermal potential along with substantial quantities of shale oil and tar sands deposits.

This acreage sustains 10,000 full-time jobs and produces 364,000 barrels of oil, equivalent daily in oil, gas and coal, thereby contributing to the nation's balances of trade by displacing that amount in imports.

CERT has marked a decade of progress in which it has served as a catalyst for dramatic changes in the federal-tribal relationship, particularly those relationships that relate to mineral resource development and management.

As most of you know, the concept of CERT crystallized in 1975 when 25 Indian energy resource owning tribes signed an organizing charter. The following year, CERT was incorporated in Washington, D.C., and began working with the federal Department of Energy (DOE) (then known as the Federal Energy Administration) to include Indian tribal issues in the formulation of a balanced national energy supply. Later, under an interagency agreement which included the Department of the Interior, Department of Commerce, and Health and Human Services, the DOE began to play the added role of administrator of most federal funds directed toward assisting tribes develop their resources according to their own plans and timetables.

However, it must be remembered that resource ownership does not necessarily equate with financial wealth. Tribal resource development has been slower than that on non-Indian lands in the United States. And the financial resources needed for services to tribal members and capital for tribal development far exceed revenues from energy production. Per capita personal income for CERT member tribes is less than half of the U.S. national average of $11,000 for all citizens, and unemployment among CERT member tribes is 33% compared to 31% for all Indian tribes and four times greater than for all Americans.

The Council of Energy Resource Tribes has been in existence now for a period of ten years. For the last decade, our tribes and our organization have forged an unparalleled period of cooperation with the Congress and with the Executive Branch in much of the nation's landmark energy and environmental policies and legislation. This has been made possible in large part by the assistance we have received from ANA.

It is with grave concern, that CERT brings to the attention of this Committee that the continuing role of our tribes in the development of energy history and our continuing success in reducing our over-all need for federal support could be in fact be discontinued or limited to such an extent that the on-going work of our tribes through our professional services staff will become impossible.

We are speaking in regard to the Administration's plan for the Administration for Native Americans in the Department of Health and Human Services for Fiscal Year 1987. The Administration has once again decided to eliminate the Training and Technical Assistance funds in the ANA program budget. It is from the Training and Technical Assistance funds which CERT has received from ANA that has made it possible for us to accomplish exactly the kind of things that the President desired when he issued his 1983 Indian Policy statement. The President said in part, "Federal support will be made available to tribes to assist them in developing the necessary management capability and in attracting private capital."

For many years, the Administration for Native Americans, alone among the federal agencies serving Indian tribes, has carried out its program function in the spirit and direction prescribed by the President in his Indian policy statement.

This situation was brought to light in a report by the Presidential Commission on Indian Reservation Economies which President Reagan established in 1983 to identify for him the major obstacles hindering economic development on Indian lands.

When the Presidential Commission reported back to the President, one of its findings included very positive information about the work being coordinated by the Administration for Native Americans. ANA was singled out as an agency which had "introduced an imaginative concept in its Social and Economic Development (SEDS) approach to funding, insofar as it sought to effect cooperation on the local level, focusing on economic development synergy and outcomes."

The report further noted, however, that ANA's SEDS program was not in all cases accomplishing its objectives of creating an independent business sector on Indian reservations. Among the constraints listed by the Commission in the development of reservation economies were precisely the issues which are addressed by the Training and Technical Assistance funds which ANA administers.

The small amount of Training and Technical Assistance support which the Council of Energy Resource Tribes has received from ANA, together with like support from other federal agencies and funds raised from the private sector, has made it possible for our tribes to maintain a small core staff of dedicated professionals with expertise in geology, geophysics, drafting, accounting, economics, business management, and the environmental sciences. Each of our tribes needs all of these disciplines, but none could afford them all.

The Training and Technical Assistance funds which we have received from ANA have made it possible for us to do exactly those things which the President's Commission recommended. The benefits which our tribes have derived from these efforts far outweigh the limited resources which any one source contributes. These funds have made it possible for us to achieve precisely that economic development synergy which the President's Commission encouraged.

Congress has also monitored and been most supportive of how ANA utilizes its Training and Technical Assistance funds.

When the Administration moved to strike Training and Technical Assistance from ANA's budget last year, it was Congress who reinserted the appropriation.

While we expressed gratitude for Congress' action at that time, we feel we should emphasize our gratitude again because not too long afterward the Administration made another attempt to delete this program through the process of rescission. Once again, Congress evaluated the results of rescission against the concrete benefits generated by the program and concluded that it could not in good conscience allow this program to be rescinded.

We are here today to express our appreciation for the programs of the Administration for Native Americans, and to urge the Committee once again to retain the category of Training and Technical Assistance funds of the budget for ANA, since this category allows us to leverage the other programs made possible by the agency, and to achieve considerable economies by providing, from a common pool of talent, uncommon expertise to all our member tribes.

STATEMENT OF ROBERT STRAUS, PH.D., PROFESSOR AND CHAIRMAN, DEPARTMENT OF BEHAVIORAL SCIENCE, UNIVERSITY OF KENTUCKY COLLEGE OF MEDICINE

My name is Robert Straus. I am professor and chairman of the Department of Behavioral Science of the University of Kentucky College of Medicine in Lexington. I am also currently a member of the National Advisory Council on Alcohol Abuse and Alcoholism for the Department of Health and Human Services and chairman of a committee of the Institute of Medicine, National Academy of Sciences, that has been asked to review the current status of research on alcohol problems and to recommend directions and opportunities for future research. I have been involved in research on alcohol problems for forty years and served as chairman of the Cooperative (United States and Canada) Commission on the Study of Alcoholism in the early 1960's and as chairman of the National Advisory (to the Secretary of Health, Education and Welfare) Committee on Alcoholism from 1966 to 1969.

The magnitude of alcohol problems and the great human and economic burden that they impose on our society is well documented. I will simply note that these problems permeate every sector of our society including health and medical care, defense and national security, work and the nation's productivity, transportation, and the safety and well being of individuals, families and communities. The problems of alcohol are also varied. They encompass the short term or acute effects of alcohol on the human mind and body that we see in intoxication; the long term or chronic impact of sustained alcohol abuse that we see in various forms of alcoholism or alcohol dependency; and the significant contribution of alcohol abuse to most major causes of death and disability including heart disease, several forms of cancer, diabetes, accidents, peptic ulcers, liver cirrhosis, and chronic brain and fetal alcohol syndromes. Afflicted individuals are not the only victims of alcohol problems. We are all potentially the innocent victims of those who are intoxicated or chronically incapacitated.

There are two major points that I would like to emphasize in this statement. The first has to do with the currently very hopeful and scientifically sound status of alcohol research. The second relates to the importance of maintaining momentum in this long-neglected but recently-stimulated field of research activity.

Federal support for alcohol research is quite recent and, relative to the magnitude of these problems, still very modest. Beginning in the 1970's, a Congressional mandate reversed an era of neglect and established opportunities for the support of research by the National Institute on Alcohol Abuse and Alcoholism. A new generation of investigators, unbiased by the stigma that once characterized the field, began to see in alcohol research opportunities for exploring some very basic scientific questions in genetics, biochemistry, pharmacology, physiology, the neurosciences, epidemiology and the social and behavioral sciences. Innovative scientific instrumentation opened new horizons for study and new techniques for data acquisition, processing and analysis added scientific rigor. Some of the traditional barriers to interdisciplinary research began to weaken creating a more favorable climate for the kinds of research required because of the versatile nature of alcohol and its capacity for permeating the human mind and body and because alcohol problems affect all sectors of our society.

Clearly, the late 1970's and the 1980's have seen a series of promising developments in both biological and behavioral research, a rapid expansion of fruitful opportunities for extending our knowledge, and an impressive increase in the number of scientists of stature who have become interested in investigating alcohol-related questions.

Ironically, despite modest recent increases in funds available for alcohol research, funding resources have not kept pace with the potential for important new knowledge represented by scientific activity and applications for research support. Each year, it has become increasingly difficult for qualified investigators to obtain funding for acceptable research proposals. At the same time, recent budgetary restrictions have made it necessary to limit payments on funded grants to levels below those that were recommended and approved. There is now a danger that outstanding investigators from numerous disciplines who have become interested in working on alcohol-related questions will become so discouraged by the odds against funding that they will turn their talent and attention to other topics and that many of the important questions on which they have been working will remain unresolved.

In addition to supporting research itself, it is important that the momentum of scientific involvement in research on alcohol problems be maintained by providing support for research training and for new investigators who represent our hope for the future.

The gap between opportunities and needs for alcohol research and research training and the resources available to support such research is continuing to widen, in part because of the recent success in attracting qualified investigators to work in this field and in part because of severe budgetary restrictions.

I deeply appreciate and respect the severe fiscal constraints that the Congress is now facing and the importance to future generations of establishing fiscal responsibility at this time. I would like to suggest that alcohol problems, like fiscal problems, will also plague future generations if we continue to neglect them. Because, with only a modest investment, we have recently made a hopeful beginning toward understanding these problems, I hope that the Congress will recognize the importance of protecting that investment by providing adequate funds to sustain this research activity.

It is estimated that the annual economic burden to society from alcohol problems is well over 100 billion dollars. In this perspective, the current revised fiscal year 1986 level of support for alcohol research and research training ($55.8 million) is modest, indeed. It provides only 50 cents of research funding for every thousand dollars of estimated economic cost. This level of funding is not adequate to support the research that is necessary if we are to acquire the additional knowledge needed to reduce this burden. Nor will it sustain the involvement of scientists of stature who have only recently been attracted to work in this field. In order to protect the gains and sustain the momentum so recently attained, I hope that the Committee and the Congress will support the research and research training activities of the National Institute on Alcohol Abuse and Alcoholism at least at the level of 75 million dollars for fiscal year 1987 and will provide an additional 14 million dollars in support of the Institute's essential informational and operational functions. This would still represent an investment of far less than a dollar for every thousand dollars of estimated cost plus untold human misery that alcohol problems impose on our society.

STATEMENT OF THE FEDERATION OF BEHAVIORAL, PSYCHOLOGICAL AND COGNITIVE SCIENCES

Mr. Chairman, thank you for the opportunity to provide a statement in addition to our earlier testimony on the National Institutes of Health. The Federation is a coalition of 13 scientific societies with combined memberships of over 90,000 scientists. The Federation's interests are in research on behavioral, psychological and cognitive processes and their physiological bases and its application to health, education and human development.

This testimony will discuss research and funding at the Office of Educational Research and Improvement (OERI) in the Department of Education and the Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA).

Office of Educational Research and Improvement

It is crucial to our nation's future that we provide excellent education for our young people, but providing this excellence is proving increasingly difficult with traditional instruction. Research on education is now accepted as a necessity.

Largely because of the influence of the former National Institute of Education (NIE), studies of reading are producing a clearer picture of how young children learn letter patterns and associated sounds in English. Acquiring sensitivity to the sounds and rhythms of words can be bolstered by home activities. Parents can play an important role by reading aloud to their children. The speed and efficiency with which children achieve word recognition is a major determinant of reading comprehension. So that meaning can be given to a written passage, word decoding must become automatic. Children bring more prior knowledge and complex mental processes to reading than was originally believed. Such research results are beginning to influence reading instruction.

New information about the sources of difficulty in understanding mathematical, scientific and technical concepts provides a basis for development of educational materials and methods for reaching a broader group of students. In addition, research to identify factors contributing to the relatively low levels of participation in mathematics and science courses by women and members of minority groups is underway and is suggesting ways to encourage increased participation.

By applying research like this, we could provide effective materials for teachers to help students learn reliably and efficiently. We believe basic research of the kind described can help our nation provide improved education, even though it may continue to be difficult to attract and retain enough good teachers. These comments are especially true for mathematics and science education, where good teachers are especially hard to recruit and where the research described may have its earliest successes.

The examples given, however, are limited to a few subject areas. We will not revolutionize the school curricula tomorrow. Continued research is needed to understand mechanisms of learning and reasoning in more subject areas and to learn how to apply our understanding to produce better practical instruction.

The Federation has endorsed in principle the Secretary's reorganization of the research function at the Department of Education. This reorganization should improve the effectiveness of the research function and increase its impact on educational practice. We are pleased to see an emphasis on peer review in the awarding of grants and contracts, which has worked so well in the competition for the centers and laboratories.

OERI FY87 Appropriations

The Administration's request of $70.2 million for OERI in FY87 is the minimum amount commensurate with the need for research in education and with the ability of the educational research community. Fiscal resources for the Department of Education increased from approximately $6.1 billion in 1973 to $17.1 billion in 1984, an increase of 22% in constant dollars. During the same period NIE resources fell 76%. As the funds decreased, the proportion of NIE support going to Congressionally mandated research centers and regional laboratories increased to a point where NIE could not sponsor field initiated studies.

We were pleased to see OERI announce a small field initiated research program for FY86 and propose a larger effort in the FY87 budget. The OERI needs resources to respond to investigator-initiated research proposals. Because there has been barely enough funding to support prior commitments to the research centers and regional laboratories, there has essentially been no resources to support the independent researcher with a novel idea or the innovative collaboration of a group of researchers from different disciplines. While excellent work is done at some of the research centers and regional laboratories, the lack of uncommited resources means no ability to respond to fresh new ideas from unforeseen sources. It also limits the ability to support and encourage interdisciplinary research (e.g., between cognitive psychologists, educators and subject-matter experts). Finally, it limits the pool of research talent the OERI can tap.

Alcohol, Drug Abuse, and Mental Health Administration

The Institute of Medicine's report Research on Mental Illness and Addictive Disorders estimates that mental disorders, alcoholism and drug addictions profoundly affect 30 to 45 million people in the United States each year. These illnesses place a great strain on our nation. Another dramatic measure of the effect is the number of lives that are touched by those suffering from mental disorders and addictions. It is estimated that an additional 30 to 40 million people are affected by alcohol abuse alone--because a close family member is either alcoholic or has been killed or injured by an individual under the influence of alcohol. The Institute of Medicine estimates that the overall monetary impact of mental disorders and substance abuse in the United States is $185 billion per year.

Research efforts within the ADAMHA are and should continue to be directed beyond the understanding and treatment of specific mental disorders and addictions. We must understand the normal to understand the abnormal. The details of normal development are needed to prevent or treat childhood disorders. Studies of affective distortions of depressed individuals are meaningful only if we know more about emotional development in general. The perceptual anomalies of schizophrenics do not make much sense unless we fully understand the process of underlying perception. Memory problems of Alzheimer's patients must be analyzed in the context of learning and memory capacities of normal older individuals.

Behavioral sciences are a central part of mental health research. There is a growing need to understand the etiology of mental illness through shared behavioral and biological information. The range of research includes attentional mechanisms and defects, correlates of personality competence, self-regulatory mechanisms, family processes, stress, and prosocial and aggressive behaviors. Let me give several specific examples.

Recent behavioral research on morphine addiction in animals has shown that the animals become conditioned to the place where they receive morphine. Relapse is more likely when the addiction and detoxification situations are different and the subject then returns to the addiction situation after detoxification. Withdrawal symptoms can be elicited without the animal receiving any morphine by exposing the animal to the situation where morphine was previously received. This may explain why street drug addicts who are detoxified in a prison or hospital relapse when they return to the street.

Experiments on the effect of alcohol and other drugs on developing fetuses have provided convincing evidence that behavioral symptoms, such as fetal alcohol syndrome, are because of drug effects rather than genetic or environmental causes. Research with animals who were prenatally exposed to sex hormones indicates that these animals have different, less appropriate repertoires of behavior later in development. These types of results have led to more conservative guidelines for behavior during pregnancy.

About 2 million children require immediate care due to severe mental disorders. An estimated 8 to 20 million have less urgent but real needs. The major mental health problems in childhood include developmental disorders, hyperkinetic behavioral and attention disorders, and psychotic disorders. Techniques have been developed to help in early diagnoses of emotional and attachment disturbances. Research is working to delineate the role of early experience in inhibiting or fostering later development of behavioral disorders.

ADAMHA FY87 Appropriations

The present is marked by both expanding scientific opportunities and decreasing research support. The Administration has proposed decreasing ADAMHA research support to fund only 1,400 project awards, reducing new and competing awards from 550 for FY86 to about 450 in FY87. This reduction jeopardizes the health of research on mental health and drug and alcohol abuse.

Research training support at NIMH has declined dramatically in the last decade. The number of trainees has dropped from 1,352 in FY80 to about 816 in FY86. The Administration's budget proposes a further reduction to 751 for FY87. Also proposed are training grant reductions at NIDA (from 77 in FY86 to 68 in FY87) and at NIAAA (from 66 to 63). The most recent edition of the Institute of Medicine's Personnel Needs and Training for Biomedical and Behavioral Research continues to advocate increased Federal support for behavioral science research training.

We are also concerned about the large reductions in the small grants program at NIMH. Recently NIMH has been able to fund about 70 small grants per year; the plan for FY87 calls for only 22 awards. This program has been a very important source of funding for new investigators. Its near elimination will have dramatic negative consequences for future research progress.

Conclusions

It is crucial to our nation's future to provide excellent education for our young people. Providing this excellence is proving increasingly difficult with traditional methods. Current basic research suggests that we might in the near future begin to deliver education in fundamentally new and more effective ways. To realize this possibility will require support of basic research, through organizations like the OERI. We recommend funding OERI at least at the level of the Administration's FY87 budget.

We share with you a strong concern for consistency of funding for research by the Federal government. Such funding at ADAMHA is important to the training of future generations of scientists, to the treatment and prevention of illness, and to the improvement of the mental health of the people of this nation. We are grateful for the continued support of this Subcommittee. We urge for ADAMHA in FY87:

- rejection of the President's reductions in funding,
- sufficient funds to support approximately 600 new and competing awards,
- restoration of the small grants program, and
- additional funding for research training.

The Federation thanks the Subcommittee for the opportunity to share our views with you. Please do not hesitate to call on the Federation staff if we can be of further assistance.

STATEMENT OF THE COALITION OF ORGANIZATIONS CONCERNED WITH THE PROGRAMS OF THE NATIONAL INSTITUTE OF ARTHRITIS AND MUSCULOSKELETAL AND SKIN DISEASES

Introduction

The Coalition of Organizations Concerned with the Programs of the National Institute of Arthritis and Musculoskeletal and Skin Diseases is pleased to have this opportunity to submit its joint statement on FY 1987 appropriations for the newest NIH research institute. The 30 organizations supporting this statement want to insure that the new NIH Institute is properly established as a fully functioning research institute at the earliest possible time.

The members of this Subcommittee are aware that NIAMS was established in law on November 20, 1985. Fiscal Year 1987 marks the first opportunity for Congress to address research needs of the programs encompassed by this new Institute as a separate budget line item.

The President has supported the creation of NIAMS, and the Congress has endorsed it through several nearly unanimous votes. We now urge you to appropriate funds for the new Institute at a level adequate to allow it to initiate the focussed, national research program contemplated by Congress at the time of its establishment.

Research Needs

Arthritis, rheumatic, and related musculoskeletal and connective tissue diseases, comprise over 100 distinct forms, affecting more than 38 million Americans, including as many as 250,000 children. The better known of these conditions are osteoarthritis, rheumatoid arthritis, gout, scleroderma, lupus erythematosus (SLE, or lupus), and ankylosing spondylitis, or spinal arthritis. Many millions more of our people have osteoporosis, osteogenesis imperfecta, Paget's disease of bone, pemphigus, ichthyosis, neurofibromatosis, tuberous sclerosis, alopecia areata, psoriasis, epidermolysis bullosa, Marfan's syndrome, vitiligo, melanoma, skin cancer, and other diseases of the bone and skin. In addition, there are many healthy Americans whose musculoskeletal systems are disabled by falls, fractures, motor vehicle accidents, and sports-related injuries.

All these serious diseases or conditions result in morbidity, mortality, and disability, which cost the American economy many billions of dollars each year in medical care, lost wages and productivity, lost taxes, increased disability and workers compensation payments, and increased social services costs. Research advances in the past decade have brought about improved treatment, control of disease, better diagnostic methods, and important new surgical procedures which strongly indicate that accelerated and targeted research efforts can sharply ameliorate, control, prevent, and cure a number of these diseases. This promise was a major reason for the creation of the new Institute. Now Congress and the President must give our Nation's scientists the means by which to fulfill the promise.

Biomedical research, and more specifically research to improve the lives of as many as 50 million Americans with arthritis, bone, and skin diseases, should be one of the highest of this Nation's priorities. The loss of momentum in biomedical research through reduced or level funding would mean a serious loss of research opportunity for many years to come and the real potential exists for the loss of an entire generation of investigators.

Funding Recommendations

Attached to this statement is a table showing funding necessary to maintain research efforts at current services levels, and the Coalition's recommendations for NIAMS appropriations for FY 1987.

The recommended support level for investigator-initiated research grants (RO-1) would fund 223 new grants in FY 1987, and a total of 612 new and continuation grants. At this level, the estimated award rate for new grants would be 34%, with a priority score payline of 170. The $100 million we urge is only 3% greater than the current services level.

Although the Coalition recommends funding at current service levels for training and contracts, we urge initial funding of Specialized Centers of Research (SCORs) to target multidisciplinary research approaches in three areas: osteoporosis, osteoarthritis, and rheumatoid arthritis, as both House and Senate Appropriations Committees recommended last year. We also request an increase of $2.4 million over current services in Centers funding to support six core centers in dermatology.

The "other research" category includes Clinical Investigator and Physician Scientist awards, both of which must have reasonable funding if our research community is to remain viable in future years. No new awards would be possible under the President's FY 1987 budget. Intramural research must be strengthened to complement extramural activity.

Institute Staffing

At current personnel levels, NIAMS cannot function as an independent Institute. Under the NIH organization plan, the Arthritis and Rheumatism Branch and Laboratory of Physical Chemistry in the NIADDK intramural program are transferred to NIAMS (35 positions), along with 14 extramural personnel. When the administrative separation from NIADDK takes place, an additional 8 slots are scheduled to be assigned to NIAMS. In order to be minimally effective as a working Institute, NIAMS requires another 36 personnel. Under the President's FY 1987 budget, $1 million additional is provided (but no positions) in the RMS (research management and support) activity. If positions are made available, this additional amount will permit the placement of 15 to 20 staff. Another $1.5 million is necessary to provide the minimum of 36 additional personnel.

Conclusion

The Coalition believes that the amounts it is recommending for FY 1987 are fiscally sound and minimally adequate to make NIAMS operational and effective as an NIH research institute. There is substantial scientific justification for the higher FY 1987 budget proposed by the National Arthritis Advisory Board. If the Congress determines these levels to be attainable this year, the Coalition would most certainly support them. At a minimum, however, we urge Congress to enact, and the President to approve, appropriations for FY 1987 at the level the Coalition recommends, to firmly establish NIAMS and to begin the level of research effort essential to finding the answers to the diseases addressed by the National Institute of Arthritis and Musculoskeletal and Skin Diseases.

LIST OF ORGANIZATIONS
ENDORSING STATEMENT ON FY 1987 APPROPRIATIONS

Coalition of Organizations Concerned with the Programs of the National Institute of Arthritis and Musculoskeletal and Skin Diseases

American Academy of Dermatology
American Academy of Orthopaedic Surgeons
American Academy of Physical Medicine and Rehabilitation
American Brittle Bone Society
American Congress of Rehabilitation Medicine
American Lupus Society
American Juvenile Arthritis Organization
American Rheumatism Association
American Society for Bone and Mineral Research
Arthritis Foundation
Arthritis Health Professions Association
Dystrophic Epidermolysis Bullosa Research Association
Federation of American Societies for Experimental Biology
Helen Hayes Hospital
Lupus Foundation of America
National Alopecia Areata Foundation
National Foundation for Ectodermal Dysplasias
National Ichthyosis Foundation
National Marfan's Foundation
National Osteoporosis Foundation
National Psoriasis Foundation, Inc.
Orthopedic Research Society
Osteogenesis Imperfecta Foundation, Inc.
Rehabilitation Institute of Chicago
Society for Investigative Dermatology
Terri Gotthelf Lupus Research Foundation
The Dermatology Foundation
The National Neurofibromatosis Foundation, Inc.
The National Tuberous Sclerosis Foundation
The Paget's Disease Foundation, Inc.
United Scleroderma Foundation

NIAMS

(Dollars in thousands)

	1985 Actual		1986 Appropriation plus Carryover		1987 President's Budget		Current Services		1987 Coalition Proposal
Grants	190 565	$77,554	199 582	$83,599	148 537	$75,011	199 588	$96,712	$100,000
Centers	14	10,064	14	10,231	14	9,317	14	11,909	14,309
Other	67	4,814	63	5,087	56	4,868	63	5,087	7,800
Training	233	6,130	268	6,130	257	5,867	268	6,130	6,130
Contracts	7	2,013	7	2,848	6	2,536	7	3,018	3,018
Intramural Res.	49	6,478	49	6,467	48	6,181	49	7,141	8,000
RMS		1,755		2,136		2,953		3,243	4,743
									7,650*
Totals		108,808		116,498		106,733		133,240	151,650

*New Item - Specialized Centers of Research (SCORs).

STATEMENT OF LEONARD D. GOODSTEIN, PH.D., EXECUTIVE OFFICER, AMERICAN PSYCHOLOGICAL ASSOCIATION

Mr. Chairman and Members of the Subcommittee, I am Dr. Leonard D. Goodstein, Executive Officer of the American Psychological Association (APA), and I am pleased to submit this testimony on behalf of the 87,000 members of APA. In this testimony, I will specifically address FY 87 appropriations for the National Institutes of Health (NIH) and the Office of Educational Research and Improvement (OERI) of the Department of Education.

NIH Research Budget

APA strongly urges the Committee to increase the research budget at NIH to fund at least 6500 new and competing research grants in FY 87. We greatly appreciate the strong support of this Committee in the past for increasing badly needed research funds at NIH. The Administration's FY 87 budget request for NIH would fund only 5,104 new and competing research grants, a decrease of 969 grants from the level recommended by Congress for FY 86. This number represents an even greater cut of 1,115 from the number of new and competing research grants funded by NIH in FY 85. We encourage the Committee to direct NIH to fund at least 6500 new and competing research grants for FY 87.

Health and Behavior

I would like to commend this Committee for its past support of the funding of health and behavior research by NIH. We urge the Committee to continue its support for research into the important relationship between health and behavior. Two recent reports, the Surgeon General's report "Healthy People" and the Institute of Medicine's report "Health and Behavior", document that 7 of the 10 leading causes of death in this country are in large part behaviorally determined and can be significantly reduced through changes in behavior. Many health problems, including heart disease, cancer and high blood pressure have environmental causes. We believe that behavior can be directly or indirectly linked to many of the nation's most debilitating illnesses and causes the greatest number of injuries in this country. Yet, the National Institutes of Health, the nation's largest source of funding for health research, has estimated that it spends less than 3% of its total budget in the areas of behavioral and social science research. This minimal figure is especially disturbing in light of the overwhelming data on the behavioral causes of ill health. APA strongly supports substantial increases in spending on important behavioral research at NIH in FY 87.

Last year, this Committee included in its report accompanying the FY 86 Appropriations bill language in support of health and behavior research at NIH. NIH recently released a report which estimated that a total of $105.3 million was spent on health and behavior research in FY 85 throughout its Institutes. This figure is $32.2 million less than an estimate given by NIH last year. Given the primary importance of behavioral factors in health promotion and disease prevention, APA recommends increasing the percentage of NIH funds presently spent on health and behavior research by at least 10% in FY 87. We urge the Committee to continue its active support of health and behavior research at NIH.

NIH Research Training

APA recommends a substantial increase in the number of research trainees supported by NIH in FY 87. The Administration's FY 87 budget request for NIH research training is $198.2 million. This figure would support only 9,250 predoctoral and postdoctoral trainees in FY 87, a substantial cut from the 10,623 trainees who would have been funded by the FY 86 appropriated levels for research training. Research training is vitally important to maintaining the vitality of all scientific disciplines, and cuts in research training funds at NIH will lead to severe shortages in adequately-trained researchers over the next decade.

In a 1985 report on the personnel needs for biomedical and behavioral sciences, the Institute of Medicine (IOM) advocated increased federal support for behavioral science research training. More specifically, the report recommended increased federal support at the predoctoral level in behavioral research. APA asks the Committee to support increased funding for NIH research training in FY 87. We strongly urge the Committee to specifically direct NIH to implement the recommendations of the IOM to increase funding for predoctoral research training support in the behavioral sciences.

Biomedical Research Support Grant (BRSG) Program

APA is especially concerned about the Administration's proposed elimination of NIH's $60 million Biomedical Research Support Grant (BRSG) program. BRSG funds are designed to financially supplement institutions engaged in health-related research. BRSG funds are traditionally used to for young investigators and innovative multi-disciplinary research. The elimination of the BRSG program at this time would be especially devastating due to already existing fiscal constraints. The $60 million contained in the FY 86 NIH budget for the BRSG program will be distributed to a total of 576 institutions, and we estimate that $12.25 million, about one-fifth of the total, will assist behavioral and social science researchers. APA strongly urges Congress to restore funding for the BRSG program at NIH.

National Institute of Child Health and Human Development (NICHD)

NICHD supports vital research on the psychological, social, biological, and environmental factors that influence the course of human development. Research supported by NICHD has furthered our understanding of both normal and abnormal development and has enabled us to prevent and treat developmental delays and disorders more effectively. Current research emphases at NICHD include: teenage pregnancy and childbearing; childhood injury prevention; intellectual and emotional development; prevention and amelioration of mental retardation; contraceptive development and evaluation; and normal and high-risk pregnancy and birth. Of particular interest to APA is the NICHD Center for Research for Mothers and Children which includes the Mental Retardation and Developmental Disabilities Branch and the Human Learning and Behavior Branch. In this regard, we are concerned about the constant decline in relative support for mental retardation research at NICHD from 1972 to 1985. We fear that this trend will continue if sufficient funds are not appropriated for the Institute. To continue its important work, NICHD must be funded at a reasonable level FY 87.

APA urges the Committee to support an NICHD research budget of $376.7 million in FY 87, a 17% increase over the FY 86 appropriation. This budget would provide support for 630 competing research grants, which would represent a funding rate of approved grants equal to the overall NIH rate of 34%. This budget would also restore research training funds to the FY 85 level of 702 full-time training positions. We also urge Congress to encourage NICHD to continue to strengthen its commitment to behavioral and social science research in terms of grant numbers and size of awards. Behavioral and social science research areas play a critical role in all the diverse research cited above. In the area of mental retardation, for example, between 70 and 80% of all cases is linked to psychosocial factors (e.g., poverty) rather than to specific biomedical causes. Behavioral and social science research have much to offer toward the understanding, prevention and amelioration of mental retardation and other developmental problems and disabling conditions.

National Institute on Aging (NIA)

The National Insititue on Aging (NIA) is the major source of federal funding for biomedical and behavioral research in aging. NIA's mission is to increase the knowledge of the aging process and associated physical, psychological, and social factors related to advanced age. At a time when the aging population in this country is increasing and when NIA is making progress in many areas of aging research, the Administration has submitted a budget request for FY 87 of $145.8 million, a reduction in the NIA budget of $11 million from the FY 86 level appropriated by Congress. Under this proposal, competing extramural grants would be decreased from 201 to 145, research training awards decreased from 240 to 195, and support for the 12 research centers (ten of which are Alzheimer's Disease Research Centers) decreased by $600,000. APA strongly recommends that NIA's FY 87 research budget be funded at least at the FY 86 appropriated level of $157.7 million.

National Institute of Environmental Health Sciences (NIEHS)

The National Institute of Environmental Health Sciences (NIEHS) supports research on the effects of exposure to toxic substances. Many of the most severe effects of toxic exposure include damage to the central nervous system which may lead to tragic psychological changes, including sensory, cognitive and emotional changes -- exposed individuals may become blind, mentally retarded or psychotic. APA urges the Committee to direct NIEHS to increase funding in the area of behavioral research.

National Heart, Lung, and Blood Institute (NHLBI)

As mentioned earlier, the important link between behavior and the prevention of such diseases as heart disease, high blood pressure and lung cancer has been documented in two nationally recognized reports by the Surgeon General and the Institute of Medicine. The Administration's proposed research budget for FY 87 at NHLBI is $785.7 million, a substantial $62.3 million cut from the FY 86 appropriated level. This marked reduction in NHLBI research funds would threaten behavioral research in such important areas as how behavior contributes to the development of oftentimes fatal diseases. APA strongly recommends increasing the research budget at NHLBI to at least the FY 86 appropriated level of $848 million.

National Cancer Institute (NCI)

Cancer presents another illustrative example of a disease which can be affected substantially by behavioral factors -- an individual's occupation, diet, and whether or not he or she smokes can increase the risk for developing cancer. Behavioral scientists have a major role to play in the prevention of cancer through research into these important behavioral influences. APA requests the Committee to encourage NCI to greatly increase its support of behavioral research, particularly in the area of cancer prevention. We support a research budget for NCI of at least the FY 86 appropriated level of $1.226 billion.

Department of Education - Office of Educational Research and Improvement (OERI)

APA strongly supports the Administration's proposed increase of $10.7 million in FY 87 for programs and activities under the Office of Educational Research and Improvement (OERI) in the Department of Education. The research and statistics presently available are significantly inadequate to provide educators with information on factors affecting the quality of teaching and learning in American schools. APA strongly recommends that a specified portion of this much-needed increase be targeted for individual investigator-initiated educational research activities. Field-initiated research has received minimal funding in the recent past because of the disproportionate emphasis of the Department on funding institution-based activities. Many of these individual researchers are engaged in innovative and critical educational research. APA urges Congress to support the Administration's FY 87 proposed funding level for OERI of $70.2 million, and to direct that a percentage of the proposed increase be earmarked for field-initiated research activities.

Thank you for the opportunity to present the views of the American Psychological Association on these important appropriations issues.

STATEMENT OF RALPH BAROCAS, PH.D., SECRETARY-TREASURER, COUNCIL OF UNIVERSITY DIRECTORS OF CLINICAL PSYCHOLOGY

Mr. Chairman and Members of the Committee, I want to thank you for the opportunity to testify on the subject of Appropriations for the National Institute of Mental Health (NIMH) for FY 87. I am Dr. Ralph Barocas, a clinical psychologist at George Mason University and currently Secretary-Treasurer of the Council of University Directors of Clinical Psychology (CUDCP). CUDCP represents 120 of the over 160 clinical psychology programs in the United States. NIMH clinical and research training support play a key role in the training of psychologists. I am pleased to present the views of CUDCP on these important NIMH programs.

NIMH CLINICAL TRAINING

We recommend funding the NIMH clinical training program at $26 million in FY 87, over the President's zero funding request. Congress has funded this program since 1948, when the public began to realize the need for trained mental health professionals. Prior to World War II, mental health services were primarily for those who were severely disturbed and incarcerated in mental asylums. During the post-war period, however, there was a growing recognition of the need to provide mental health services to veterans and others who were suffering from the effects of the war; it was during this era that mental health services became more readily available to the general population. Today the public is much more sophisticated about the need for mental health services as an integral part of a person's total health care needs.

This increased public awareness and the need for professionals trained to provide mental health services was closely paralleled by Congressional support for the NIMH clinical training program in its early days; funding rose from an initial expenditure of $1.1 million in 1948 to a high of $111.1 million in 1974. Since 1974, however, funding has decreased dramatically to the current level of $19 million appropriated for 1986, which is less than one-fifth of the 1974 level. Unfortunately there has not been a corresponding drop in the level of mental health needs of the country over this period. While there have been substantial increases in the numbers of trained mental health professionals, there continue to be many underserved populations and geographic areas.

These unmet needs have long been a concern for the federal government. The under-representation of ethnic minority psychologists, and consequently trained mental health professionals to serve these populations, was addressed in 1974 when NIMH began jointly funding the Minority Fellowship Program in Psychology with the American Psychological Association. This program, in which fellowships are granted through a cost-sharing arrangement with graduate departments to cover tuition, books and other related expenses, has contributed to the training of well over 300 minority students as of this year to provide direct mental health services. These students are members of such underserved populations as Blacks, Hispanics, Native Americans, Asians and Pacific Islanders. The program has proved to be a wise investment. By its use of cost-sharing measures, the program has been able to support at least twice as many students as it would have otherwise. Despite the program's success, there continue to be shortages of qualified minority mental health professionals in this country. In this regard, the most recent data on earned doctorates in clinical and counseling psychology (1983-84) indicate that less than 9% of the degrees were awarded to minority students.

In an effort to direct mental health professionals into manpower shortage areas, Congress added the payback requirement to the clinical training program in 1981 (Section 303 (d) of the Public Health Service Act). This provision requires that all individuals in psychology, psychiatry, nursing or social work, who receive stipends or other direct support for graduate training for a period of 180 days or more, repay this support through service delivery, either in certain underserved geographic areas or with certain underserved populations. Currently, more than 90 grants have been awarded to institutions in 34 states, Puerto Rico and the District of Columbia. These institutions receiving clinical training grants are required to provide education and training activities directed at the service needs of the Congressionally determined mental health priority areas. For FY 86, grant proposals will be solicited which provide training in the areas of mental health services to the following populations: the chronically mentally ill, children and youth with serious mental disorders, and minority and disadvantaged groups. Within these targeted areas, successful grants will emphasize training for service to such groups as rural and inner-city populations, ethnic minorities, women, and the aged. In past years, emphasis has also been placed on prevention, health and behavior, and service in public facilities.

The importance of these programs goes beyond the actual service that trainees provide. Because of its requirements, the program acts as a catalyst for developing curricula and specialized training for the students before they go into these priority areas. Since accredited psychology programs are grounded in the scientist/practitioner model of training -- that is, they stress both research and clinical practice -- these programs develop state-of-the-art knowledge about the groups which they are to serve. For example, innovative systems of service delivery models for rural populations have been developed at such institutions as The Pennsylvania State University and the University of Virginia.

Another priority area that Congress has expressed interest in is the elderly. Because of our advances in medical technology, many Americans will live past 60 years of age; indeed, this trend has already begun. Projections of the future demographic make-up of the U.S. population all indicate that a much larger percentage of the population will be composed of the elderly. Likewise, there will be an increased need for mental health professionals to work with the elderly which will be met by maintaining the current incentives for training and service to underserved populations which now includes the elderly.

In each successive year since 1981, the Congress has adopted report language to further define how the program's increasingly more limited funds are to be spent. First, the report language has reinforced the 1981 payback provision by targetting NIMH support to prepare trainees to work in documented shortage areas or with underserved populations. Second, Congress instructed NIMH to develop and implement a means of identifying where NIMH-supported trainees gain employment and of documenting their compliance with the payback provision of the law. NIMH has issued a contract in response to this mandate, and we understand that useful information on where former trainees are employed will be available in the near future.

The effect of Congressional report language in the years following the 1981 payback mandate was to refocus the program on the documented shortage areas. Yet, the question of whether the program is accomplishing this objective as effectively as it might is one that is raised each year. For example, in last year's report language (drafted by the Senate and adopted by the Congress) accompanying the FY 86 ADAMHA appropriations bill, NIMH was directed to provide a full report to the Congress on a range of issues relevant to the allocation of clinical training funds between institutional support (with no payback requirement) and stipend support (with a payback requirement) for each of the four core mental health professions -- psychology, psychiatry, nursing, and social work.

The Committee, in drafting this report requirement, was concerned that NIMH might be allocating institutional support for purposes unrelated to the purpose of the program, which, it stated, was "to train individuals to work in shortage areas." The Committee raised the question of whether insufficient numbers of mental health professionals are incurring the payback obligation because of the current availability of institutional support. ADAMHA responded to the Congressional request for information by submitting a "Report on Payback and Clinical Training" (February, 1986). We believe that the ADAMHA report documents that institutional support is being used for purposes that are much broader than those authorized for the program. Certainly, the current practice of supporting faculty for general training of medical students falls well outside the much more circumscribed goals of the program that were instituted with the advent of the payback provision in 1981 and which have continued to evolve as a matter of legislative intent as expressed in recent Congressional report language.

The American Psychological Association (APA) has asked the Congress to consider mandating that a majority of NIMH clinical training funds allocated to each of the four core mental health professions be awarded under payback conditions. CUDP strongly supports this proposal, because it would ensure that a larger percentage of funds would be awarded to individuals dedicated to serving in areas or among populations in need. This proposal has the merit of maintaining funding flexibility by preserving an allowable percentage of institutional support. At present, three of the four core mental health professions already receive more than 50% of their funds under payback conditions. According to the information provided in the ADAMHA report, only the award of funds to psychiatry would be noticeably affected by such a mandate.

In general, we have some concerns about whether the current allocation of institutional support to psychiatry for faculty to train general medical students (rather than psychiatrists) falls within the scope of the program at all. But, leaving aside this larger issue, psychiatry could achieve a much higher percentage of payback-related support by moving away from its current system of awarding short-term student stipends. At present, virtually all psychiatry stipends are awarded for less than 180 days and, thus, do not trigger the payback obligation. During the three-year period reviewed in the ADAMHA report (FY 82 - 85), psychiatry awarded 1,546 stipends to students that fell outside the payback provision of the law because they were short-term stipends. By extending the period of support to or beyond 180 days, psychiatry-supported students would be obligated under the law. Given the limited funds available in the NIMH clinical training program, it is not unreasonable to require a greater commitment to providing services where needed on the part of the mental health professions and trainees receiving NIMH support.

NIMH RESEARCH TRAINING

The CUDCP is also concerned with adequate funding for the NIMH research training program in FY 87. One of the unique aspects of the training of clinical psychologists is that our model for training integrates research and clinical skills. The result of such a training model is that the practitioner is skilled in evaluation and quality of care issues as well as in the delivery of services. Without an adequate supply of research trainees, we believe that service delivery will be undermined as well, since there would be a marked decrease in program evaluation and psychotherapy outcome research, for example. Thus we recommend that the Congress appropriate $26.6 million for this program. Support for NIMH Research Training was set at $18 million (before Gramm-Rudman-Hollings) in FY 86, and the Administration proposes reducing program support to $15.8 million. The number of research trainees supported by NIMH has declined steadily over the past six years from a high in FY 81 of 1,350 to a projected low of 751 in FY 87. This consistent decrease in numbers of research trainees funded by NIMH will make it increasingly difficult to ensure an adequate supply of well trained mental health researchers in the future.

On a related issue, CUDCP advocates increased support specifically for behavioral science research training. And, in particular, we recommend increased Federal support at the predoctoral level in behavioral research. This view is in keeping with a 1985 report by the Institute of Medicine (IOM) on the personnel needs for biomedical and behavioral sciences, which called for increased Federal support for behavioral science research training at the predoctoral level. CUDCP is aware that through report language this Committee has encouraged ADAMHA to implement this change for two years now, without response from ADAMHA. The ADAMHA policy for 1986-87 would require that at least 50% of total awards be made at the postdoctoral level, which would not only fail to increase support at the predoctoral level but would further erode existing predoctoral support. We ask the Committee to take further steps to direct ADAMHA to develop policies to meet the recommendations of the IOM and Congress.

Thank you for the opportunity to testify on behalf of CUDCP on NIMH clinical and research training appropriations.

STATEMENT OF HARLEY M. DIRKS, TREASURER, AMERICANS FOR SUBSTANCE ABUSE PREVENTION

RECOMMENDATIONS:

A. Appropriate $385 million for National Institute on Mental Health (NIMH), $112 million for National Institute on Drug Abuse (NIDA) and $89 million for National Institute on Alcohol Abuse and Alcoholism (NIAAA), in accordance with the recommendations of the Alcohol, Drug Abuse and Mental Health Administration (ADAMHA) Appropriations Coalition.

B. Utilize additional research funds to develop research projects on patient placement, treatment outcome, barriers to treatment, DUI screening tests, treatment needs formulas, prevalence surveys, health hazards of "in" drugs, and technical assistance.

C. Appropriate $576 million for Alcohol, Drug Abuse and Mental Health (ADMH) block grant.

D. Restoration of resources for adequate funding of alcohol and drug abuse data collection and storage and continued funding for support of the National Clearinghouse for Alcohol Information.

E. Increase the federal excise tax on beer and wine to a rate equal to that of hard liquor, and increase the federal excise tax on cigarettes to 32 cents per pack, the level it would be at if indexed for inflation since 1951.

Mr. Chairman and members of the subcommittee:

Thank you for the opportunity to discuss funding priorities in the health care field on behalf of the Americans for Substance Abuse Prevention.

This is the first time our organization has appeared before your subcommittee. ASAP is a very young organization, but we boast of a membership of over 20,000.

ADAMHA PROGRAMS

ASAP congratulates ADAMHA for its leadership role in brain function and behavior research. The work on endorphins and their receptors has great relevance to chemical dependencies. Brain imaging technologies, supported by ADAMHA, are aiding in the study of many compulsive disorders as well as chemical dependency. Other areas well worthy of mention include ADAMHA's work in studying the inherited susceptibility to alcoholism, the toxic effects of alcohol, the incidence and prevalence of chemical dependencies and psychiatric disorders, adolescent alcoholism and now children of alcoholics, and the role of supportive environment in recovery from schizophrenic episodes.

For these reasons, we view the Administration's proposed fiscal year 1987 budget for ADAMHA as inadequate. In recognition of the deficit reduction commitment, while keeping in mind the need to continue a strong commitment to research, we recommend the committee adopt the FY'87 funding proposals of the coalition of alcohol, drug and mental health organizations.

Mr. Chairman, I would like to discuss the many areas of clinically related research which the Americans for Substance Abuse Prevention feel needs to be pursued:

o **Patient Placement** - Peer reviewers for Medicare, and employers daily decide that substantial numbers of chemically dependent or psychiatrically ill individuals cannot be admitted to certain programs because they are not "sick enough". Continued emphasis must be placed on research leading to the development of standardized patient placement systems to match chemically dependent or psychiatrically ill individuals with the appropriate level of care corresponding to the stage or severity of the disease diagnosed. People who are in the middle or late stages of a disease may need hospital care, while those in the early stages may only require outpatient treatment.

o **Treatment Outcome** - Research is particularly scarce in the areas of adolescent treatment outcomes and treatment of cocaine abusers. Recently, adolescent drug addiction and chemical dependency patients have swamped treatment and rehabilitation facilities. Many of our nation's young people are leading tragic lives because of chemical dependencies.

- **Barriers to Treatment** - Research is needed on why people with chemical dependency problems or psychiatric problems go without help for so long before receiving treatment, and the mechanisms for overcoming those barriers. For example, 85 percent of this nation's 14.7 million alcoholics and problem drinkers do not receive formal help for their disease. Of the 10-12 million children suffering from mental disorders, only 500,000 are receiving any kind of treatment through the mental health care system. The problems of alcohol and chemical dependencies, and mental disorders are still very much stigmatized by society and even the supposedly informed medical community. We encourage research efforts to eliminate these restrictions.

  We recommend NIAAA and NIDA collaborate with the Department of Transportation on developing new tests for screening drunk drivers. Once tested, drunk drivers diagnosed as chemically dependent could be referred to legitimate treatment programs, rather than "education" classes.

- **Health Hazards of the In-Drugs** - Research is needed on some of the health hazards of such "in" drugs of adolescents as clover cigarettes, Liquid Paper, designer drugs, and hazardous substances that are inhaled or sniffed.

BLOCK GRANTS

The Administration's request for $490 million for alcohol, drug abuse and mental health block grants is at the same level as FY'86, but in real dollars it is at least a 10 percent cut from the FY'85 services. To maintain existing services and provide funds for programs for mentally disturbed children and chemically dependent women authorized in the ADM Block Grant Amendments, we urge adoption of a funding level of $576 million. While federal support for chemical dependency and community mental health services has declined during the past few years, the demand for services continues to increase.

NATIONAL DATA GATHERING

With the development of the block grant systems, states are no longer required to uniformly report data to NIAAA and NIDA. This lack of a comprehensive national data base, including all public and private programs, makes it difficult to know how many people are being treated, what their alcohol and drug problems are, where they are being treated and the like. We urge restoration of the National Drug and Alcoholism Treatment Utilization Survey, NIDA's Client Oriented Data Acquistion Process and other national data gathering studies.

NATIONAL CLEARINGHOUSE

ASAP understands that President Reagan's sequester order calls for a 23 percent reduction below appropriated levels in funding for the National Clearinghouse for Alcohol Information. We urge that funding levels for the clearinghouse be restored to appropriate levels. The clearinghouses are a vital link in disseminating the research findings to the health care and scientific communities, and they are a major resource accessible to anyone who seeks information about these deadly, but treatable diseases.

With deficit reduction the over-riding goal of Congress, we understand the Administration's attempt to reduce projected spending for Medicare and Medicaid by more than $5 billion in FY'87. However, we oppose the regulatory initiatives recommended to reduce projected spending. The proposed freeze on Prospective Payments to hospitals at FY'85 levels and on payments to PPS-exempt hospitals, reneges on a commitment made to hospitals to revise payment rates on an annual basis. Continued reductions will produce compromises in both accessibility and quality of care, especially that for alcohol and drug abuse treatment.

The Americans for Substance Abuse Prevention are aware of the current situation as it relates to payment for alcohol and drug abuse related to Medicare treatment under the DRG system. Without going into great detail, I would merely like to encourage Congress to closely follow the implementation of alcohol related DRG's and insure that adequate consideration is given those Medicare beneficiaries in the nation who are chemically dependent or substance abusers.

To help offset the deficit, we urge that additional revenues be raised by boosting the federal excise tax on cigarettes to 32 cents per pack and by raising the excise tax on beer and wine, as has been done with distilled spirits. Cigarette smoking and the abuse of alcohol are major causes of illness and premature death in the United States. A tenth of the drinking population comsumes half of the alcoholic beverages sold. We believe those who smoke and drink excessively should help pay for the increased cost that they generate for the medical system.

Mr Chairman, thank you for the opportunity to present our views. We very much look forward to a continued good relationship.

STATEMENT OF ORVILLE H. MCELFRESH, PRESIDENT, NATIONAL ASSOCIATION OF ALCOHOLISM TREATMENT PROGRAMS

The National Association of Alcoholism Treatment Programs (NAATP) appreciates this opportunity to address the Labor, Health & Human Services and Education Appropriations Subcommittee on FY 1987 appropriations for the National Institute on Alcohol Abuse and Alcoholism (NIAAA). NAATP is the only national health care organization devoted solely to issues in alcoholism treatment. NAATP represents more than 500 private-sector treatment programs throughout the country, both non-profit and for-profit, offering inpatient, residential and outpatient regimens in both hosptial-based and free-standing settings.

For more than a decade, NIAAA has been the focal point within the federal government for advancement of alcoholism treatment, prevention and research. Since its inception in 1971, the Institute has played a vital role for the alcoholism field, as well as for society as a whole. Many of the seminal inroads we have made in dealing with alcoholism have been the direct result of findings made possible through NIAAA-funded research.

Alcoholism is estimated by the Institute to be the third leading cause of death and disability in the United States, trailing only heart disease and cancer in its magnitude. For several years, now, the Institute has also estimated that 85% of citizens in need of treatment for their alcoholism never seek or receive that treatment. Untreated alcoholism--its ravaging effects devastating nearly every organ and system in the body--is, indeed, today's "American Tragedy." Perhaps the greatest tragedy is that through modern techniques, constantly being researched and refined through efforts supported by NIAAA, alcoholism is a disease which is eminently responsive to appropriate treatment. Yet the stigma which surrounds this disease prevents many in need of help from seeking that help, and many family members and friends from encouraging it.

For many years, alcoholism treatment has been offered mainly on an inpatient basis in a hospital setting. One of the reasons this particular modality has prevailed is that most private insurance coverage for alcoholism treatment has covered only hospital-based settings. Since the inception of the Alcohol, Drug Abuse and Mental Health Block Grant, there has been a dramatic shift in the majority funding for alcoholism treatment from public sources to private ones. Additionally, and to some degree in response to this phenomenon, the alcoholism treatment field has developed what it calls the "levels of care" concept. This concept, which attempts to match the severity of each individual patient's disability with an appropriate intensity of service or level of care, needs to be recognized, researched and refined. NIAAA is currently funding this kind of research and, indeed, NAATP believes that such research should remain a prime priority of the Institute.

LEVELS OF CARE IN ALCOHOLISM TREATMENT

Just as there are several types of cancer and heart disease, there are, as well, many types or degrees of alcoholism. The variables, in diagnosis, can relate to gender, age, drinking history, family impact and history, employment (history and type), previous treatment experience, overall physical condition, motivation to recover, etc. To deal with the different levels of alcoholism, the alcoholism treatment field has developed three basic modalities, or levels, of care: inpatient, residential and outpatient.

The inpatient level of care is usually best for the severely sick, long-drinking alcoholic, who generally presents for treatment with concomitant medical and psychiatric complications, and who needs absolute separation from the trappings of everyday life. The residential level of care is an intermediate one, less medically-intensive and, thus, appropriate for patients not experiencing psychiatric or advanced medical problems, but who still need the benefit of a therapeutic milieu. Outpatient programming is considered appropriate when the alcoholic is in the earliest stages of the disease, and whose dysfunction has not become entirely unmanageable.

HOW TREATMENT COST IMPACTS TREATMENT CHOICE

One of the greatest issues confronting the public today is the problem of ever-increasing health care costs. The era of health care cost containment is upon us; we in the alcoholism treatment field welcome it because we firmly believe that appropriate alcoholism treatment stands as its own cost containing measure. This is, in fact, undeniable in comparison to the never-ending costs of treating the myriad consequences of untreated alcoholism.

The March, 1983 report of the Office of Technology Assessment, The Effectiveness and Costs of Alcoholism Treatment (Health Technology Case Study #22), eloquently concluded that "...it costs more not to treat alcoholism than to treat it." However, this landmark report underscored the fact that the notable lack of methodologically sound treatment assessment research in alcoholism leaves many questions unanswered. The basic question, in the absence of reliable research data, still remains: What type of treatment is appropriate for which type of alcoholic?

The answer to this question must be more than merely a function of cost. With the aforementioned stigma accorded alcoholism and its victims, we must guard against implementation of a public policy which simply states that alcoholics deserve only the least intensive--thus the least expensive--level of care. Certainly, this was the philosophy which prevailed thirty to forty years ago, when alcoholics were deemed incurable, and relegated to asylums offering little more than custodial care.

The alcoholism treatment field, itself, has responded to the recognition of different types of alcoholism with the "levels of care" concept. The field has been continually refining its diagnostic techniques, in order to determine the most appropriate levels of care for alcoholic patients. While insurance coverage--albeit to varying degrees--is available largely to inpatient, hospital-based programs, it is scanty, indeed, for residential and outpatient treatment. This is, certainly, a contradiction in terms with regard to cost containment.

As a result, the Office of Technology Assessment called for the creation of a "patient placement system," to match alcoholic patients to the appropriate levels of care based on the severity of their disease upon diagnosis and admission. NAATP has whole-heartedly supported this idea since it was advanced by OTA, and last year NIAAA began to move forward on the OTA's suggestion. NAATP believes that the continuing importance of this research should be underscored by this Committee in FY 1987. We need to continue to generate high quality and appropriate grant and contract proposals on patient placement and to fund the best research proposals.

CONTINUED EMPHASIS NEEDED ON TREATMENT-RELATED RESEARCH

Many historic and welcome advances have been made in the alcoholism field as a direct result of NIAAA-funded research. There is little doubt that the lion's share of FY 1987 appropriations for NIAAA will go toward biomedical research, to help us all better understand the effects of alcohol on the body, the very etiology of alcoholism, the interaction of alcohol with other drugs, etc.

While NAATP is highly supportive of the need for biomedical research, we also believe that greater attention should be paid to treatment assessment research. While many NAATP member programs regularly review and assess their treatment and its outcome, it is important that a respected, non-vested entity, namely the NIAAA, become more involved in this vital area of research.

Such an effort, generated by NIAAA, could answer so many of the questions raised by the OTA report, by the Health Care Financing Administration, by private insurors and employers and even by the alcoholism treatment field itself.

The information we seek relates to average length-of-stay, appropriate treatment regimens, development of common definitions of recovery, success/failure rates--and why. Without the answers, how can we determine an appropriate public policy on alcoholism treatment?

CONCLUSIONS AND RECOMMENDATIONS

The National Association of Alcoholism Treatment Programs respectfully recommends the following to the Committee:

1. That NIAAA continue its important emphasis on patient placement research, with assistance to the field in creation of quality grant and contract proposals on such research.

2. That the Committee appropriate $72 million for NIAAA for FY 1987, which would permit:

--Award of approximately 116 new and competing research project grants at Council-approved levels, providing needed funding for priority areas, including biomedical as well as treatment-related research;

--Full funding and expansion of existing research centers and the award of 2 new centers focused on high-risk populations and immunology;

--Expansion of the Intramural Research Program, with limited increases in personnel, equipment and facility renovations to take advantage of the newly-establish clinical research program located on the NIH campus;

--Expansion of the Research Scientist Development Awards with special emphasis on clinical researchers.

3. That Committee report language specifically direct that, from appropriations for the direct operations and staffing of the Alcohol, Drug Abuse and Mental Health Administration, funds remain available for the continuation of treatment financing research directed at the creation of an appropriate Medicare DRG configuration for alcoholism/drug abuse treatment, in cooperation with the Health Care Financing Administration.

4. That the Committee appropriate $576 million for funding of the FY 1987 Alcohol, Drug Abuse and Mental Health Services Block Grant.

NAATP wishes to express its support for NIAAA's many contributions to the alcoholism treatment field, both present and potential. There is a need for greater emphasis on treatment assessment and related research at the Institute which, in the current climate, surely approaches the importance of the Institute's biomedical research.

This concludes the formal statement of the National Association of Alcoholism Treatment Programs. We appreciate the opportunity to express our views, and respectfully request that this testimony appear in the offical record of this hearing.

Thank you.

STATEMENT OF DAVID C. LEWIS, M.D., PROFESSOR OF MEDICINE AND COMMUNITY HEALTH, AND DIRECTOR, CENTER FOR ALCOHOL STUDIES, BROWN UNIVERSITY

My name is David C. Lewis, M.D. I am Professor of Medicine and Community Health at Brown University and Director of the Brown University Center for Alcohol Studies. I am also the past President of the Association for Medical Education and Research in Substance Abuse (AMERSA) [illegible] organization whose members are primarily [illegible] to the education of medical students, house staff and practicing physicians in the area of substance abuse [illegible]. Brown University currently provides a national office for AMERSA.

I am familiar with the budgets of NIAAA and NIDA, having completed a four year term as a member of the National Advisory Council to NIAAA and Liaison Advisory Council member to the NIDA Council. In my term as an Advisory Council member I was impressed with the quality of research applications to both of these institutes and have felt, particularly in the last few years, that our ability to fund quality research was impaired by chronic underfunding of the research budgets for both of these institutes. The estimates of a Research Triangle Institute study that the cost of drug abuse to our society in 1983 was over $59 billion and that for alcohol abuse and alcoholism was over $116 billion put into further perspective the necessity for adequate research funding. In the last several years I have concentrated in my professional work more on the problems of alcohol use and alcoholism and have worked most closely with NIAAA. For that reason, I have made specific recommendations primarily concerning the NIAAA appropriation.

I also wish to comment on two areas of particular interest to me - 1) the continuing federal role in the clinical training of medical professionals and 2) the importance of treatment outcome research.

Concerning the NIAAA appropriation, following on a period of growth for the alcohol research program, the FY 1987 President's Budget represents a severe setback in our goals of sustained, moderate growth of the research program, as well as our goals for viable research training programs.

I believe that the NIAAA needs an additional $19.2 million over the FY 1987 President's Request to meet funding shortfalls and to assure a moderate level of growth for alcohol research. The additional funding I am recommending includes $15.4 million for research; $.5 million for research training; $1.0 million for clinical training; and $2.3 million for direct operations. This would provide a total of $88.0 million. The total for research and research training would be $75.6 million, still considerably short of the most recent recommendations of the Institute of Medicine (IOM). In a 1984 report on ADM research, the IOM recommended that NIAAA's research and training budget be increased to $100.0 million in constant 1983 dollars. Implementation of the IOM recommendation would require $116 million in FY 1987 dollars.

Research Grants

The FY 1987 budget reflects OMB's decision to stabilize the total number of research grants at approximately the FY 1986 level and to maintain the average cost of grants at a prescribed level, determined by adding an inflation factor to the FY 1985 average cost. This policy works a special hardship on NIAAA's grant program because it locks the program into a specific average cost which is calculated on an erroneously low base, and a specific number of grants which do not take into account the increased commitments for continuation awards.

Because a shortfall existed in FY 1985, new and competing grants were cut by 10 percent and continuations were cut by 5 percent. Thus, by basing the FY 1987 average cost calculation on FY 1985 actuals, the problem of having to reduce individual grants is carried into FY 1987. It is estimated that continuing investigator-initiated research grants (R01s) will have to be cut by 3 percent and new and competing investigator initiated grants by 17 percent. The FY 1987 budget allows an average cost of only $100,000 for new and competing awards, compared to $132,000 for ADAMHA as a whole and $154,000 for NIH. It will require an additional $2.2 million to restore the continuation awards to full Council-recommended levels and to provide a more realistic average cost ($119,000) for the 74 new and competing awards.

The total number of grants allowed by the FY 1987 budget is 270, approximately the same number as in FY 1986. However, due to the growth experienced over the past few years, the number of continuations has increased each year. Thus, stabilizing the total number of grants requires a reduction in new and competing awards. In FY 1987, the number of continuations increases by [illegible]; the number of new and competing is reduced by 26 from the FY 1986 level. The budget allows for only 74 new and competing awards, compared to 100 in fiscal years 1985 and 1986. It will require an additional $2.8 million to restore the number of new and competing grants to the previous level of 100.

The steps described above would restore NIAAA's grant program to a current services level. However, it is clear that an increase over this level can be used effectively. More investigators are becoming interested in alcohol research, and if the field is to build on the remarkable achievements of the last few years, it is critical that the grant program be allowed at least a modest level of growth. We are recommending an increase of at least 16 percent over the FY 1986 level, in the number of new and competing grants. This would require an additional $1.7 million for 16 new grants, at an average cost of $107,000. We are also recommending that funds be added to allow for at least 3 of the 16 new grants to be large grants. Ther are some unusual needs in the alcohol field that require expanded support. For example, NIAAA has a responsibility to take on a comprehensive program of treatment assessment research. This type of research is expensive and simply cannot be done adequately unless some flexibility is added for the more expensive projects. An additional $1.2 million is needed to provide for this need.

In summary, an additional $7.9 million is needed for research grants, as follows:

-- $2.2 million to restore noncompeting projects to Council-approved levels and provide a more realistic average cost for new and competing grants

-- $2.8 million to restore the number of new and competing to 100, the same number as in fiscal years 1985 and 1986 (26 additional grants)

-- $1.7 million for an additional new 16 grants, to provide growth of 16 percent over FY 1986 new and competing

-- $1.2 million to allow 3 of the new grants to be unusually large, in order to meet special needs in such areas as treatment assessment research

Other Research Mechanisms

The emphasis over the past few years on investigator-initiated grants has been crucial to development of the field. However, it has required some serious constraints in other areas. The Centers Program has never been allowed to reach its full potential; the lack of sufficient funds for contracts has resulted in very minimal efforts to develop a comprehensive epidemiological data program; and severe restrictions on new RSDAs and small grants has greatly hampered NIAAA's efforts to attract new investigators. We are suggesting that funds be added as follows:

-- $.8 million to provide some expansion to the 9 existing Centers

-- $2.8 million to fund 2 new Centers on Alcohol and Immunology (including AIDS) and Alcohol and High Risk Populations

-- $.7 million for 8 new RSDAs, to increase the total number to 23

-- $.1 million for 10 small grants, to increase the total number to 20

-- $.4 million to provide some expansion to epidemiology and other research contracts

-- $.1 million to increase Small Business Innovation Research (SBIR) set-aside to correspond to the recommended extramural research funds

Intramural Research

The intramural program received a dollar increase in the FY 1987 budget to enable it to meet mandatory increases, primarily related to the clinical program located at NIH. The program is allowed no growth and, in fact, suffers a program reduction of $.2 million in equipment funds. There are two major needs that are not met by the budget. First, the program must be allowed to replace obsolete equipment, and second, the program must be allowed to more fully develop its NMR research capabilities. Last year the Congress added funds to allow NIAAA to participate in the development of the new NMR facility at NIH. Additional funds are needed in FY 1987 to continue and expand this effort. An additional $2.9 million is needed, as follows:

- $.7 million to restore the cutback in equipment funds and allow for additional purchases to replace obsolete equipment.
- $.6 million to provide continuation costs of the NMR research begun in FY 1986.
- $1.[illegible] million to allow NIAAA to hire personnel [illegible] and purchase equipment needed to take full advantage of the research opportunities afforded by the NMR facility.

Research Training

There has been a steady decline in the training program. Budget cuts and stipend increases over the years have resulted in decreases in the number of people trained, so that by FY 1986, only [illegible] trainees are supported. This will be reduced to [illegible] under the Administration's FY 1987 budget. Research training support in all health research institutes has declined steadily since FY 1982. However, NIAAA, as well as ADAMHA as a whole, had such a low base in FY 1982 that the cuts have been disastrous. In FY 1982, the NIH supported 91 percent of the trainee level recommended by the National Academy of Sciences (NAS); the Administration's request for FY 1987 will allow NIH to support 88 percent of the trainees recommended by the NAS. ADAMHA supported only 65 percent of the trainee level recommended by the NAS in FY 1982; under the Administration's request, this will fall to 50 percent of NAS recommendations by FY 1987.

For NIAAA research training, the budget requests only $1.3 million for research training. This is only 2 percent total research and research training funds. A more reasonable distribution, and one more in line with the distribution of funds at NIH, would be 6 percent research training. If training program must be allowed to begin a longer-term growth of research trainees to a level that is consistent with the level of research funding. It is suggested that 80 trainees would be an appropriate level for FY 1987. This would provide a beginning towards an adequate level of support. An additional $.5 million, for 17 addition trainees, would be required to achieve this goal in FY 1987.

Clinical Training

NIAAA's clinical training program was dismantled in 1982. However, the Alcohol, Drug Abuse, and Mental Health Amendments of 1984 (P.L. 98-509) authorize grants to support the training of health professionals in the identification and treatment of alcohol and drug abuse problems. P.L. 98-509 also requires that NIMH clinical training funds be used for this purpose in FY 1985. In FY 1985, NIMH clinical training funds totalling $250,000, supplemented by funding from the direct operations line item of NIDA and NIAAA, provided for a program to conduct a needs assessment and develop a comprehensive educational strategy for integrating alcohol and drug information into education of health care providers.

The Report accompanying the FY 1986 appropriation for ADAMHA directs the agency to use $1.[illegible] million of appropriated clinical training funds for alcohol/drug training projects. These funds, $[illegible] for NIDA and $[illegible] for NIAAA, were designated within the NIMH budget line item. However, the Administration proposed that clinical training funds be rescinded, and no funds are requested in FY 1987 for clinical training.

Funds are needed in FY 1987 to allow NIAAA to develop a clinical training program, based on the needs assessment supported in FY 1985. It is suggested that $[illegible] million ($1.[illegible] million for NIDA and $1.[illegible] million for NIAAA) is an appropriate amount for this purpose and should be designated as a budget line item in the appropriations for these institutes.

I look to the Congress to recognize the importance of continuing a federal commitment in this area. These training activities provide incentives for important private sector activities. The clinical training funds that have been available to NIAAA and NIDA over the years have been modest but I believe both of these institutes have launched programs with these funds which have been highly effective and singled out for praise by the Public Health Service and by health professionals.

Direct Operations

The direct operations funds provide for staff support as well as contracts for prevention activities, research dissemination, policy analysis, consensus development, and technical assistance. These funds were reduced significantly in FY 1986 and the Administration proposes further reductions in FY 1987. In order to absorb the cuts and offset mandatory increases, a reduction of $.6 million will be required in contracts, compounding the shortfall that already exists in FY 1986. A reduction of $.2 million is also required in administrative overhead.

An additional $2.3 million over the Administration's proposed budget of $10.8 million is needed as follows:

-- $.5 million to restore reductions in administrative overhead
-- $1.0 million to restore FY 1986 and FY 1987 contract reductions
-- $.3 million and 5 new positions to keep up with program growth
-- $.5 million to restore postponed contract activities, including activities performed by the Clearinghouse, planned prevention activities, and activities related to the homeless and AIDS

Summary Concerning Recommendations on Appropriations

The Administration's proposed budget for FY 1987 is inadequate to the needs in the alcohol research field. Additional funds are needed as follows:

-- $15.4 million for research to fully meet commitments and allow a moderate level of growth
-- $.5 million for research training to increase the numbver of trainees from 63 to 80
-- $1.0 million to establish a clinical training program in alcohol abuse and alcoholism
-- $2.3 million for direct operations to restore cut in administrative overhead and contracts, provide reasonable expansiuon for contract activities, and provide 5 additional positions to meet increased workload

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At the outset of this testimony, I stated my personal interest and experience in substance abuse medical education. In recommending clinical training funds, I praised NIAAA and NIDA for their use of these funds in prior years. Most noteworthy was the Career Teacher Program. Recently, these institutes have taken initiatives in the training of all primary care physicians. A good example of public-private partnership activity was the last national conference (in November 1985) of AMERSA. The conference was sponsored by the Association for Medical Education and Research in Substance Abuse (AMERSA), the National Institute on Alcohol Abuse and Alcoholism (NIAAA), and the National Institute on Drug Abuse (NIDA). It was co-hosted by the Annenberg Center for Health Sciences and the Betty Ford Treatment Center of the Eisenhower Medical Center in Rancho Mirage, CA. The theme of the conference was "Alcohol, Drugs and Primary Care Physician Education: Issues, Roles, Responsibilities." This theme was chosen because it is widely recognized that medical education has given insufficient attention to alcohol and drug issues; and it is clear that too many practicing physicians do not have the knowledge or skills to diagnose, intervene, and adequately treat their patients with alcohol and drug problems. Although every practicing physician will encounter patients with substance abuse problems, physicians in family medicine, internal medicine, pediatrics and psychiatry are in a good position to have major impact on the problem. Early stage patient presentation is often non-specific and is thus likely to be seen first by the primary practitioner. Initial complaints may also be mainly social and behavioral in nature or initiated by other members of the family, again bringing the patient into contact with the family physician first.

The conference challanged its invitees of informed physicians, medical educators, primary care specialists, and other vitally involved in medical education to reach a consensus on the essential knowledge and skills required of primary care physicians, and the key implementation steps necessary to secure such as part of medical education. The consensus that was reached is a start towards addressing the problems and needs as the more than one hundred participants saw them.

This consensus is now being refined by several national professional associations so that it will be more applicable to specific primary care disciplines.

Lastly, I wish to comment on the need for and importance of quality treatment outcome reseearch. The Center For Alcohol Studies At Brown has just completed an analysis of Substance Abuse Treatment in Rhode Island at the request of the state government. We were asked to perform this policy research analysis so health planning (which in Rhode Island includes Certificate of Need requirements) could be responsive to the demonstrated need for treatment as well as the need to make the health care system more efficient and cost effective. The report is a example of how a state government and its citizen advisory bodies attempt to do the right thing but are hampered by a lack of knowledge about what treatments work best. Since we have a variety of treatments available in Rhode Island, it was common sense to cost-conscience planners and insurers that the Brown study should recommend a method for matching particular patients to specific treatments. Dr. Richard Longabaugh, the research coordinator of the Brown Center, and an acknowledged expert in treatment outcome research prepared a chapter in this policy research report entitled "Treatment Approaches and Patient-Treatment Matching for Persons with Alcohol Problems". To the frustration of the policy makers, the conclusions of that review chapter were inconclusive.

The Brown Center for Alcohol Studies has responded by setting for the coming year as its highest research priority the development of a research plan to conduct a statewide monitoring study of the treatment outcomes of different clients treated in different settings. We aim to determine the clinical effectiveness, cost effectiveness and cost benefits of different kinds of program settings, (e.g., inpatient vs. outpatient) treatment intensities, and therapies for different kinds of clients. We are involving providers, and fiscal intermediaries, and active collaboration from the State of Rhode Island in the planning of this study.

Our long-term aim is to develop RI as a demonstration laboratory where we can both conduct clinical trials to determine effective intervention under experimental conditions and also to test the impact of these therapies as they are delivered in naturalistic settings. The statewide monitoring will accomplish this aim, as we already have several clinical trials completed or underway. In previous clinical trials we have demonstrated the superior cost effectiveness of partial hospitalization and extended inpatient treatment for the average alcoholic. We have also shown in a clinical trial the superiority of a family social skills training program over a mood management treatment. Our concern with matching client characteristics with treatments has lead us to studies examining the treatment implicatons of the differential reactivity of alcoholics to alcohol and the effectiveness of therapies involving the client's environment compared with treatment focused solely on the client.

These activities reflect the priorities we believe to be most important for treatment research the next decade. We believe that clinical trials need to be complimented with naturalistic client treatment placement studies which attempt to maximize client-treatment matching. In order for us to proceed with a sizeable client-treatment matching study, as it will be a large scale investigation, we will be seeking federal support to assist us in conducting the research. Not only will we need to achieve a high priority score in the peer review process, but also the funds will need to be available. This Committee is already aware and supportive of the need for the kind of research that I am describing. The Committee should also recognize that this type of research is costly. A large scale project of the sort described here takes 3-5 years to conduct and has direct costs in the 3-5 million dollar range.

In closing, I thank the Committee for the privilege of appearing before you.

STATEMENT OF ROGER E. MEYER, M.D., AMERICAN COLLEGE OF NEUROPSYCHOPHARMACOLOGY

My name is Dr. Roger E. Meyer. I am Professor and Chairman of the Department of Psychiatry and Scientific Director of the Alcoholism Research Center at the University of Connecticut School of Medicine. I am speaking today on behalf of two organizations who share a concern about the future of research on alcoholism, drug abuse, and the multiple forms of mental disorder. The Committee on Problems of Drug Dependence is a distinguished multidisciplinary panel that has been established under the general sponsorship of ten professional societies. For more than 30 years the committee was previously part of the National Academy of Sciences/National Research Council. It continues to advise relevant governmental and international organizations on the abuse liability and scheduling of drugs, and to sponsor the major annual scientific meeting in the field of drug abuse. The committee, therefore, has generic responsibility for encouraging scientific communication through its annual meeting and the publication of its annual monograph; and for expediting the application of scientific findings to public policy in the field of drug abuse.

The American College of Neuropsychopharmacology is an organization of more than 430 members from all relevant disciplines concerned about biological functionin the central nervous system, and its relationship to the causes and treatment of mental and addictive disorders. The ACNP membership represents the most significant group of scientists involved in this kind of research in the United States. This December, in Washington, the ACNP will be celebrating its 25th anniversay as an organization. The site and the timing are rich with symbolic meaning. Washington was the place where ACNP first met, when new drugs appeared to offer the first real hope ever for the mentally ill. It was Congress (in this city) which specifically mandated that NIMH conduct research in psychopharmacology, and it has been Congress which has authorized the funding over these years which has supported the research that has described the mechanism of action of many of these compounds; their real benefits and unfortunate limitations. As you know, it was easier for Congress in those times to authorize and appropriate funds for biomedical research than in the present decade. Indeed, even as this committee has moved to support equivalence between ADAMHA and NIH, Gramm/Rudman/Hollings poses a significant threat to both biomedical research support agencies.

ADAMHA-supported research has provided important new windows on brain function that, for the first time, demonstrate the relationship between specific mental dysfunction and brain abnormalities.

°Pet Scan Technology

Utilizing positron emission tomography (the PET scan), researchers at Washington University School of Medicine have found that patients with panic disorder who were untreated demonstrated increased metabolic activity at the right para hippocampal gyrus. Previous research had demonstrated that these episodes could be regularly triggered by lactate infusion. Appropriate pharmacological treatment of the panic disorder effectively prevents panic attack and its biological dimensions during lactate infusion.

°Studies of Regional Central Blood Flow

Researchers at the National Institute of Mental Health Intramural Research Programs at St. Elizabeth's Hospital here in Washington utilized regional cerebral blood flow technology to evaluate brain physiology and mental function simultaneously in medication-free patients with chronic schizophrenia, patients treated with standard neuroleptic drugs, and normal controls. One of the persistent deficits in schizophrenia involves difficulties with abstracting ability. The investigators at NIMH, using a standard psychological test of abstraction, demonstrated that both medicated and unmedicated chronic schizophrenic patients showed a paucity in dorso lateral prefrontal cortical activity (compared with control subjects) -- under conditions when all subjects were performing the same test of abstracting ability. This new approach to simultaneous examination of brain function and cognitive ability may help to clarify aspects of schizophrenia, potential risk factors in family members of patients, as well as potential new approaches to some of the treatment resistant aspects of the disorder.

°Imaging Studies in Alcoholics

Researchers at the National Institute on Alcohol Abuse and Alcoholism have been using the PET scan to delineate pathological brain function associated with alcoholism. Intramural researchers at NIAAA hope to access the new magnetic resonance imaging technology to clarify aspects of brain function in alcoholics, as well as children at risk for development of alcoholism. As you may know, researchers at Downstate Medical Center in New York and at the University of Connecticut have demonstrated electrophysiological abnormalities in children of alcoholics which may constitute a potential marker for alcoholism. Longitudinal research with these children, and the application of other technologies of assessment such as MRI, will be critical in the coming year.

Researchers supported by the National Institute on Drug Abuse are also involved in efforts to define risk factors in populations of individuals who seem to be at great potential for subsequent problems with substance abuse. Epidemiological studies supported by NIDA suggest that certain behavioral problems already manifest in the first grade in school were highly predictive of drug abuse in an inner city population. Children who did not demonstrate these behavioral abnormalities in the classroom were unlikely to be drug abusers in late adolescence and young adult life. Research conducted by a child psychiatrist at the New York University Medical Center has suggested that a substantial proportion of children with conduct disorder have abnormalities of cognitive function that are suggestive of deficits in brain physiology. The new imaging technologies utilizing cerebral blood flow, positron emitting tomography, and magnetic resonance imaging, in the context of methodology drawn from epidemiology, population genetics and the behavioral and social sciences, should help to clarify the relationship between brain function and individual risk.

The aforementioned research represents only a very small capsule of ADAMHA-supported programs, their current excitement and extraordinary potential. The various reports have appeared in the 12 months since I last came before your committee. A recent series on schizophrenia in the New York Times has served to highlight the extreme personal, familial, and societal costs of this disorder; the limited resources that have been made available for community care and rehabilitation; and the tremendous promise of research. The ADAMHA portfolio is necessarily interdisciplinary, and includes research in the psychological and social sciences, epidemiology, and of course neurobiology. Treatment outcome studies have identified the critical synergestic effects of medications and other forms of therapy for certain disorders.

What emerges from all this is that as research delineates problems more precisely, clinical practice can become more effective and costs can diminish. In the not so distant past, many patients with panic disorder were subject to expensive cardiovascular workups because of the non-specific cardiac nature of their complaints. After their workup by the internist, the patients would generally be referred to a psychiatrist for non-specific long-term psychotherapy. It is now clear that patients with true panic disorder are best treated with medication, while behavioral and other psychotherapy should focus on simple phobias and other concomitants of the disorder. That medication alone is effective in the vast majority of patients has had tremendous implications on the health care costs of this disorder, as well as the social costs of lost productivity. Parenthetically, untreated panic disorder also serves as a risk factor for alcohol and other drug abuse for some individuals.

This review of some of the research news of the past year was meant to highlight the real progress that is being made with the funds that have been made available to ADAMHA research. It is not easy for a political body, which represents the body politic, to support programs of research which promise non-specific future benefit -- in the face of current urgentrealities. The budget deficit is real. It has grown more urgent during the past five-and-a-half years than at any time in our history. By radio, the people are told that the fault lies with the Congress. But even David Stockman himself has begun to set the record straight; that it is Congress that has shown the wisdom to differentiate appearance from reality. It is the Congress, through staff work and committee hearings, which has been better able to identify the needs of biomedical research at ADAMHA and NIH than the staff at OMB. It will again be up to Congress to identify those needs and to identify the funds that will pay for these programs.

The Ad Hoc Group for Medical Research Funding, an organization whose membership has historically been concerned about NIH funding, is this year urging an increase in ADAMHA funding which would enable mental and addictive disorders research to "catch up." The budget that they recommend would restore ADAMHA "purchasing power for research and research training to the constant dollar level of 1974." In essence this group, and a coalition of citizen's organizations concerned about the future of research support for ADAMHA, have identified an alternative budget for this agency which is based upon professional judgments of present programs and critical need. The proposed budget recognizes the essential interconnectedness of individual research grants, research centers, research training of new investigators, research career development awards, support for equipment and support for intramural programs at all three institutes. The professional judgment budget calls for research support of $272 million at NIMH; $72 million at NIAAA; and $90.5 million at NIDA (Total: $434.5 million). These budgets are based upon a realistic estimate of what will be required to continue research supported by ADAMHA. The numbers are somewhere between the President's proposal ($348 million) which is inadequate, and the 1984 recommendations of the Institute of Medicine which suggested $300 million for NIMH and $100 million each for NIAAA and NIDA.

The President's recommendations would slash the number of new and competing grants at NIAAA and NIMH by 25% and by 12% at NIDA. NIDA has already imposed huge cuts in new and continuing grants in order to meet Congressionally mandated numbers of new grants in FY '86. NIDA has also been forced to cut back its Clinical Research Centers grants; NIMH would be unable to fund any new or competing research centers -- and six of the highly productive Centers would be abruptly terminated because of the shortfall in the President's budget proposal for this agency. Over the years, students of research policy and the history of science have highlighted the importance of mission-based research centers to the advancement of knowledge. This has been no less true in university settings than in technology-based industries. Research centers have become a critical part of ADAMHA research (as at NIH) -- but they have sometimes been forgotten in the "numbers game" around new and competing investigator initiated grants. The President's budget would arbitrarily dismantle those centers whose turn happened to emerge in the review cycle. This is not science policy based upon a critical review of excellence; it is more akin to Russian roulette.

Finally, your staff members know from their own visits to research programs around the country that clinical research grants are usually more expensive than laboratory based research. This means that fewer clinical research grants can be funded with a given amount of money -- and those agencies which support more clinical research will be obliged to make large cuts in individual grants in order to meet mandated numbers of new and competing awards. On all grants, there has been a tendency to delete essential items of equipment in order to reduce costs. The net effect on all research has been an aging of instrumentation -- and a special crisis of funding of clinical research programs.

In December, in this city, ACNP will be celebrating its 25th anniversary and a coalition of citizens' groups (the National Alliance for the Mentally Ill, the National Association for Mental Health, the National Depressive and Manic Depressive Association, and others) will be sponsoring a companion meeting for members of Congress, spouses, Congressional staff and the media. Your committee members and staff have understood the importance of research on alcoholism, drug abuse and other mental disorders. I hope that you will be able to attend the meetings and share in the pride of what you have helped to build. Congressional support for biomedical and behavioral research has been firmly grounded in the mixture of idealism and optimism that has produced dramatic returns for this country. Gramm/Rudman/Hollings calls for deficit reduction; it does not call specifically for dismantling the biomedical research programs of this country. There are ways to reduce the deficit while strengthening our biomedical and behavioral research programs. Your own support in the past has given some hope to the scientific community; to the mentally disabled and their families. We are all deeply grateful for your efforts.

STATEMENT OF THE PAGET'S DISEASE FOUNDATION

The Paget's Disease Foundation is pleased to once again have the opportunity to present its statement in support of appropriations for the National Institute of Arthritis and Musculoskeletal and Skin Diseases. As in previous years, we speak on behalf of the estimated three million Americans who are afflicted with Paget's disease of bone, and the health professionals who work to alleviate their distress.

Paget's disease of bone is the nation's number two bone disease, after osteoporosis. Although much less common than the latter, it also affects mainly senior citizens. It is present most frequently in a mild form, and is often misdiagnosed as arthritis. However, when Paget's disease progresses it can cause devastating pain and crippling. To quote a recent patient who wrote us:

"I have severe Paget's in my spine, i.e. lumbar sacral area, and all across my girdle from hip to hip, but more severe in my left hip. I also have it in both my legs and most severely in my right leg and ankle and knee. My right knee needs a complete replacement operation. I have it in my skull as well, with considerable thickening. My left leg is about an inch shorter than my right and I wear lifts in my shoe with a thicker lift in my left shoe. I have shrunk from 5'10" to 5'7 1/2"... I have to walk with a cane now; my legs are bowed and other than driving a car and short walks, I have no other physical activity... I am 74 now."

Paget's disease has been recognized since 1878, but there has been no cure or help for it until recently. Through research--much of it underwritten by the National Institutes of Health--several drug therapies have been developed which appear to slow down the progress of the disease and alleviate its symptoms.

These drug therapies, however, are far from a panacea. As physicians have worked with them during the past ten years, they have found that numerous patients do not respond to them satisfactorily. Physicians are looking now to more effective forms of the drugs to be developed. At the same time, they are seeking to learn the cause of the disease.

The only current NIH grant for Paget's disease research is to explore the possibility that it may be caused by a slow-acting virus, similar to that causing other diseases such as AIDS. There are very few other researchers working on Paget's disease today, largely, we feel, because the resources for funding grants appear to be highly limited in this area. Also, because the disease has a low profile in both the public sector and the scientific community, major research focus has been concentrated elsewhere.

The Paget's Disease Foundation was formed nine years ago to help patients and physicians learn about the disease and its new therapies. Because the disease has been so often misdiagnosed or dismissed by physicians, we estimate that only about 200,000 patients are under treatment for their disease.

The Foundation has mounted an on-going public awareness campaign to reach more patients who need help. We are terribly concerned about the paucity of research work being done in Paget's disease and have been meeting with the NIAMS officials to reverse this trend.

As a result, a remarkable event took place last September on the campus of the NIH. About thirty scientists gathered from all over the world to discuss their current investigations relating to bone metabolism and Paget's disease. Among them were top representatives of the fields of endocrinology, virology, cell biology, and angiogenesis. It is unusual for such a diverse group to sit down together to discuss one disease. Their challenge was to pool their knowledge to discover new approaches to understanding Paget's disease of bone.

The two-day meeting developed into an exciting exchange of ideas and information. Each specialist had possible solutions for problems with which another was wrestling. A summary of the meeting will be published shortly. We are anticipating a new spark in Paget's research as a result of the stimulus generated by these researchers.

The meeting itself was made possible by the co-sponsorship of the NIAMS and the Foundation. We have worked as partners together in the past, developing and disseminating educational materials, and we look to future collaborations. Our symbiotic relationship is echoed by similar partnerships between the NIH and constituent volunteer organizations. We non-profits can provide important outreach to the general public, but we cannot bear the burden of research alone--especially such a small organization as ours. This year we are offering our first research grant in Paget's disease of $10,000, as a supplementary incentive to someone already working in the field.

The work of the NIAMS is vital to us, and we urge that Congress appropriate adequate funding for the Institute to maintain its on-going programs. We have joined the Coalition of Organizations

Concerned with Programs of the NIAMS to urge that $151,650,000 be designated for the FY 1987 budget. Any amount less would be disastrous to those in the field who are already operating under crisis conditions.

The Foundation is especially concerned that researchers are distracted from their work by the prevailing atmosphere of cut-backs that has existed during the past few years. The task of applying for Federal funds is arduous, and it is exacerbated by the possibility of already approved support being withdrawn by administrative fiat. A ten percent reduction has the effect of a thirty or forty percent cut-back on productivity in this climate of instability.

Congress has in the past made possible remarkable advances in biomedical research through its support of the NIH. Now is not the time to stop the momentum which will benefit generations to come. Bright young physicians are being given the signal to abandon the path of clinical research. Let us instead give them the green light of support they need to make the breakthroughs we see so very close at hand.

SUBCOMMITTEE RECESS

Senator INOUYE. The subcommittee will stand in recess until Tuesday, May 13, 1986, at 9:30 a.m., when we will again meet in this room to continue hearing public witness testimony. Thank you very much.

[Whereupon, at 12:50 p.m., Thursday, May 8, the subcommittee was recessed, to reconvene at 9:30 a.m., Tuesday, May 13.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

TUESDAY, MAY 13, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:35 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Andrews, Specter, Burdick, and Harkin.

NONDEPARTMENTAL WITNESSES

STATEMENT OF PETER GREENOUGH, ALEXANDER GRAHAM BELL ASSOCIATION

ACCOMPANIED BY:
KATIE SCHMITZ
STEVEN RATTNER, D.D.S.

Senator WEICKER. The subcommittee will come to order, and we will follow the rules relative to time, which is about 5 minutes. I am delighted to have all those that are here, those that will appear and testify. I want to make sure that everybody has enough time to present their case, so I would appreciate it if people would observe the limitations.

And we first have Peter Greenough, a dear, long-time friend, Katie Schmitz and Steven Rattner and all the Alexander Graham Bell Association for the Deaf. You're up to bat. Come right ahead.

Mr. GREENOUGH. I do not have a formal statement, but were I deaf I probably would say to you, lend me your ears, please.

You know about our association, Senator. The best way to tell what we do is to give you an example as in advertising. If you own a good product, show it. And I'm going to show this product first in Katie Schmitz, who is a graduate of Duke, who works for the Environmental Protection Agency, and also, Dr. Steve Rattner who is a practicing dentist, a graduate of the University of Maryland, and he also went to the Maryland Dental School.

And I'm going to call on Katie to talk to you and tell you what they're all about.

Senator WEICKER. Good, go right ahead, Katie.

STATEMENT OF KATIE SCHMITZ

Ms. SCHMITZ. My name is Katie Schmitz, and I am 24 years old and I've had my profound hearing loss since birth. And I'm a graduate of Winston Churchill High School in Montgomery County, MD, and of Duke University. And I've been mainstreamed in the public schools since kindergarten.

I'm very pleased to be here today on behalf of the Alexander Graham Bell Association. My background in education has always been firmly based on oral communication. When my parents found out I had a hearing loss, I was 2½, at which time they immediately bought me a hearing aid and began speech therapy. And they also learned of the Alexander Bell Association at that time and received all the latest information on speech and language development, education of the hearing impaired, and auditory technology. And even though when I was 5 I only had the vocabulary of a 2½ year old, by that time I had been given a strong enough foundation in speech and lipreading skills that I wa able to enter kindergarten on time.

From kindergarten through high school I was mainstreamed fully into my classes, and in addition to my regular schedule, I received speech therapy and auditory training. And when I entered Duke, I continued to mainstream and graduated in 4 years with my bachelor of arts in English. And now I'm employed as a writer/editor at the U.S. Environmental Protection Agency here in town.

The Alexander Graham Bell Association has made possible I think the two factors that influenced the progress of my career to this date. The first one was the early identification of my hearing loss, and the second one was the early initiation of speech and lipreading training, oral communication training, at a young age. And because I began my training in oral communication at such a young age, my life was automatically structured on that, and I was, therefore, able to begin my social and academic training. And so I learned to communicate effectively with the hearing world.

The early identification of my hearing loss proved to be a cost-effective measure because my subsequent training has been a lot less arduous and expensive than it might have been if it had been delayed. In other words, it enabled me to graduate from a top university and become—to gain employment as a civil servant. So I haven't become a burden to the taxpayers; instead, I'm a contributing member to society and I pay taxes, too.

So my primary purpose in testifying before you today is to try to explain how important the Bell Association has been in the development of my life. Because while I was at Duke, I won two scholarships and that definitely motivated me. And in an effort to reciprocate, I am now a member of the Centennial Board of the association.

But I feel that the association's programs should be expanded and supported so that they can continue to provide opportunities for other hearing-impaired individuals, as they did for me.

So we ask that you support the association by contributing $1.8 million in 1987 because these funds will enable hundreds of other hearing-impaired children to also become contributing members of society. Thank you.

PREPARED STATEMENT

Senator WEICKER. Thank you very much. We will insert your statement in the record at this point.

[The statement follows:]

STATEMENT OF KATIE SCHMITZ

My name is Katie Schmitz. I am 24 years old and I have had my profound hearing loss since birth. I've been mainstreamed in the public schools since kindergarten, and I'm a graduate of Winston Churchill High School in Montgomery County, MD, and of Duke University in North Carolina. I'm very pleased to be here today on behalf of the Alexander Graham Bell Association.

My background in education has always been firmly based on oral communication. When my parents learned of my hearing loss, I was 2½ years old. They immediately purchased a hearing aid for me and began speech therapy. My parents also learned of the Alexander Graham Bell Association for the Deaf and received from the association all the latest materials on speech and language development, education of the hearing impaired, and auditory technology. From the time I was about 3 years old, I was given an excellent grounding in verbal communications. Even though I had the vocabulary of a 2½ year old when I was 5, I had a strong foundation of speech and lipreading skills that enabled me to enter kindergarten on time.

From kindergarten through high school, I was fully mainstreamed into my classes and I received speech therapy and auditory training in addition to my regular schedule. At Duke, I continued to mainstream. I graduated in 4 years from Duke with a bachelor of arts in English, and now I am employed as a writer/editor at the U.S. Environmental Protecton Agency here in town.

The Alexander Graham Bell Association has made possible I think the two factors that influenced the progress of my career to this date. The first one was the early identification of my hearing loss, and the second one was the early initiation of speech and lipreading training, oral communication training, at a young age. And because I began my training in oral communication at such a young age, my life was automatically structured on that, and I was, therefore, able to begin my social and academic training. And so I learned to communicate effectively with the hearing world.

The early identification of my hearing loss proved to be a cost-effective measure because my subsequent training has been a lot less arduous and expensive than it might have been if it had been delayed. In other words, it enabled me to graduate from a top university and become—to gain employment as a civil servant. So I haven't become a burden to the taxpayers; instead, I'm a contributing member to society and I pay taxes, too.

My primary purpose in testifying before you today is to try to explain how important the Bell Association has been in the development of my life. While I was at Duke, I won two merit scholarships from the association, and that definitely motivated me. Furthermore, I am presently a member of the Centennial Board of the association. I feel that the association's programs should be expanded and supported so that they can continue to provide opportunities for other hearing-impaired individuals as they did for me. We ask that you support the association by contributing $1.8 million in 1987; these funds will enable hundreds of other children to become fully contributing members of society. Thank you for your consideration.

STATEMENT OF STEVEN RATTNER

Senator WEICKER. Dr. Rattner?

Dr. RATTNER. Good morning. Just like what Katie just mentioned, we have the same background, I'm from Montgomery County. And even though in my day it was a little bit different than her day—she was more fortunate than I. In my day, back in the late fifties, we didn't have anything. Because of that, my parents had contacted Alexander Graham Bell to find out what is out there. And they have told us to meet with teachers and other individuals and we have met them and my parents decided they would do the best they can for me, whether I become a blue collar worker or a white collar worker, but they tried to emphasize my speech.

Because what happened with that method, I succeeded. Even though I mainstreamed late in my life, around 8 or 9 or 10, one quarter at a time, by the time I was in junior high school I began to mainstream fully. In those days, we did not rely on an interpreter; we relied on lipreading. That's where I got the skill from. And I was able to do well and I went on, staying in the hearing world rather than going into a self-contained classroom or entering a school for the deaf. I was able to function well in the hearing world, and I decided I wanted to become a dentist because I like to help people in the community.

And looking back, if it wasn't for Alexander Graham Bell, teachers and parents, I would not be here today. We strongly emphasize an attitude for good health, to make this work more well known throughout the country, advertising on early detection, especially when they're infants.

So like Katie pointed out, it will be more efficient in the long run; the earlier they get started, the better off they will be. Thank you.

Senator WEICKER. Thank you very much. Peter, would you like to wrap up here?

Mr. GREENOUGH. Yes; I would. As you know, Senator, my wife is Beverly Sills and we are the parents of two deaf children; one cannot be educated orally. He also has other problems; he's autistic and he's quite a sick boy. But our daughter, Meredith, who's now 26, went through regular high school, she started off at the National Technical Institute for the Deaf in her freshman year and did so well that she transferred into a regular college as a lipreader. She graduated from college, went to graduate school, took courses and now works as a very well-paid employee in a book publishing company in New York. She's just like these two; she's a perfectly normal, wonderful, constructive person.

It takes a lot of work to do this. It takes a lot of help, and I'm glad to say that in addition, if you'll help us get a line on the budget, we all are backing it up with three major foundation grants, which I have helped achieve along with other members of the association. One from AT&T, one from the Ledler Foundation in Los Angeles, and one from the Washington Post Foundation. They have expressed great interest in what we're doing and are willing to help us.

So we're not alone; we're not asking you to do us a loan. We feel we have a great story to tell and these people talk for us. That's what we want.

Senator WEICKER. Peter, thank you very much. I think you couldn't have presented the testimony more eloquently than by having these two young people here joining you before the committee. We'll take a very careful look at this, and believe me, I think you're all to be commended in presenting this case on behalf of the thousands out there who can't be before the committee. Thank you.

Senator Andrews, who is one of the most faithful members of this committee, does have other obligations and I'd like to go out of rotation here for a minute if I might in order that he could introduce LaDonna Elhardt, a member of the Coalition for Vocational Home Economics Education.

Senator ANDREWS. Mr. Chairman, if I could—but I'd like to defer to Senator Burdick who is going to be chairing for you starting at 10 o'clock. And I have to go over and chair the Transportation Subcommittee, just as you do.

But since you are the chairman, Senator Burdick will be chairing this and hearing LaDonna's testimony, let me share with you that LaDonna is a high school teacher from Minot High, and she's in town to testify on the importance of consumer and homemaking education. She's going to focus on the role that it plays in the North Dakota public school system.

She's traveled quite a distance to join us this morning. No one is in a better position to provide insight into a particular situation than the people with hands-on experience, Mr. Chairman, and that's exactly what she represents.

As a home economics teacher, she is well aware of the long-term positive effects that consumer and homemaking education can have on students. And with that in mind, Mr. Chairman, I wanted, when you were here and I was here, before Senator Burdick takes over at 10 o'clock because we've got to go other places, for you as my good friend and chairman to recognize that we have indeed a very unique and wonderful person coming down to give us important testimony.

And LaDonna, might I say to you that the chairman is a great champion of consumer and homemaking education. And when we had the people from the Department up here, he joined me in making as strong as possible a case as we could for it. And your words, which will be in the committee testimony and we'll all be able to see, will reinforce our ability to do the right thing when this bill moves to the floor. And my apologies to you for not being able to be here at 10:15, and for the chairman as well for not being able to be here at 10:15, but you'll be wonderfully well taken care of by our senior Senator, Senator Burdick. And we just wanted to say good words on you right now. You're a very special person.

Thank you, Mr. Chairman.

Senator WEICKER. Thank you. Our next witness is Paul Feinsmith, president, National Association of Patients on Hemodialysis and Transplantation, Inc. [NAPHT]. Mr. Feinsmith, good morning.

STATEMENT OF LOU SAND, TREASURER, NATIONAL ASSOCIATION OF PATIENTS ON HEMODIALYSIS AND TRANSPLANTATION, INC.

Mr. SAND. Good morning, Mr. Chairman. No; I'm not Paul Feinsmith. Unfortunately, Paul was not able to make it, so I'm pinch-hitting. My name is Lou Sand, and I am a home hemodialysis patient for the past 7 years. I work as a computer consultant and I'm fortunately able to continue my work because of home hemodialysis.

I am the present treasurer of NAPHT, which is a renal patient advocacy group. We are advocates for the patients and our families.

I read a document last night on the way down on the train, and I'm sorry I wasn't here last night to talk about it because I was really hot under the collar. I would like to submit this document for the committee's examination, and I want to talk about it a little bit.

I'm very angry about the Health Care Financing Administration's [HCFA] unthinking attitude. They're cutting funding, or trying to cut funding, for a life-sustaining dialysis. I view these people as being lost in a bureaucracy; they have no touch with the patients, they don't have to stand for election and be accountable to anybody, and they're saying things in here that just have no bearing on reality.

Our patients today are older and sicker. They say we can cut costs by introducing more home hemodialysis. A patient has to fit a certain mold to be qualified for home hemodialysis, medically as well as emotionally and so on. And that's pretty well maxed out.

You know, if I were in business I could cut costs, too, and I was in business at one time and I did cut costs. But please don't have anybody check my quality if I'm cutting costs, and that's just the position that HCFA is putting us in.

After the 1983 cuts, there were far fewer registered nurses per patient and a lot more minimum wage technicians, some of whom, frankly, I don't believe know to wash their hands after going to the john. And then they come into the unit and they stick needles right into your veins. That's scary. That's really scary.

Patients sit for 4 to 5 hours at a clip for every treatment; this is three times a week. Since 1983, the amenities have been cut back, and yes, some of them are niceties that we can do without. But some, like a sheet over a leather or vinyl-covered chair, sitting for 4 or 5 hours in the heat of the summer is not comfortable. Ice machines have been cut out. Renal patients cannot drink much liquid because we can't get rid of it, and ice is one of the ways that you kind of quench your thirst without getting too much liquid. By way of cost cutting, many of the units have cut out ice machines.

Patient education has gone by the boards; it's overhead that the units can no longer afford with these cuts. Social workers are working with three times the load that they should have by industry standards. And dieticians, the same way. With dieticians it's especially dangerous, because if a renal patient does not follow their diet, they're in trouble, and there are not ways like the kidneys to relieve ourselves of some of these poisons.

One of the worst problems of the 1983 cuts was the reuse of dialyzers. A dialyzer is a one-time use instrument put out by the manufacturers as such. In order to save money, units re-use these dialyzers by sterilizing them with formaldehyde. The formaldehyde itself is a danger to whoever is doing the sterilization process, and the formaldehyde—it's a proven fact—cannot be cleared from this dialyzer. So these units are introducing a known carcinogen into the patient for the purpose of economy. And as the economy has to—as there have to be more and more economies, the standards of cleanliness for this reuse diminish for economic reasons only. And that puts our patients at risk, also.

In this document, the Health Care Financing Administration says, and I quote, "No loss of quality." Health Care Financing Administration has data that would prove or disprove quality, and they won't even look at it before they make that statement. And that makes me darn mad. They just say it glibly. They have the method to prove it and they won't even look at it.

I'm sorry, sir; I think that HCFA has one goal and one goal only, and that's to cut the costs and damn the patient.

In this paper they are using facilities data to prove their point that's 1985 data. They're using 1983 costs, which doesn't make a lot of sense. In having the Health Care Financing Administration state that these costs can be cut without harming the program strikes me as like having an illiterate set up a reading program in a school; they just don't know what they're talking about

Insofar as cutting network—the renal network system from the present down to as low as 14 networks, I wanted to point out that the networks offer the patient the only objective forum that we've got. I'd like you to imagine yourself in a small town somewhere and a policeman stops you and arrests you for a crime. You're looking for justice. You know you didn't commit the crime; how do you get justice? You go to the chief of police who happens to be that policeman's father-in-law, and that doesn't work so you go to the judge who might be an uncle or a cousin, but all part of the system. It's a terribly frustrating situation; there's no place to go for justice.

And that's exactly the trap that the patient is caught in without a network because to go to the unit, the various personnel in the unit, they are all of the same mind. We patients need an ombudsman, and the network serves that function.

I hope I haven't been too temperamental in my approach but I am very upset by this document.

PREPARED STATEMENT

Senator WEICKER. Well, your testimony and the document will be included in the record, and I appreciate your taking the time, and I think from your description of the matter, I would share your upset. I think you have every right to be upset.

Mr. SAND. If I can answer any questions, I'd be happy to.

Senator WEICKER. Thank you. I think your testimony and this document will be looked at very carefully by the committee. Thank you.

[The statement follows:]

STATEMENT OF PAUL FEINSMITH, PRESIDENT, NATIONAL ASSOCIATION OF PATIENTS ON HEMODIALYSIS AND TRANSPLANTATION, INC.

Mr. Chairman, my name is Paul Feinsmith. I have been a home hemodialysis patient for the past fourteen years. I am a practicing attorney and home hemodialysis has made it possible for me to continue my career despite renal failure. I have been President of NAPHT, an advocacy organization representing kidney disease patients and their families, for the past two years.

We appreciate the opportunity to appear before you today to discuss important issues facing the End Stage Renal Disease Program. The ESRD program is an example of a National Catastrophic Health Insurance plan which provides universal access to care. The ESRD program has been an extraordinarily successful health care program, both in achieving its life saving social goals and in the realization of economic efficiencies. Virtually every ESRD patient in the United States now has access to essential life sustaining treatment without having to exhaust personal and family resources. The rate per dialysis treatment paid by Medicare today is 67 per cent lower, adjusting for inflation, than at the program's beginning in 1973. As technology has improved, costs have decreased. No other health care program comes close to this record. The increase over the years in total program expenditures is attributable almost wholly to the growth in the population served--or perhaps I should say saved--from approximately 8,000 in 1973 to over 80,000 today.

Our purpose in appearing here today, Mr. Chairman, is not just to praise the ESRD program but to express our deep and urgent concern about the Administration's budget proposals and the impact they will likely have on continued access and quality of care. We believe the Administration's budget proposals to restructure provider reimbursment under the program, and to "consolidate" ESRD Networks-- and therby dismantle much of what currently exists in the way of program data collection--will have adverse effects on patients and the the program by: 1)reducing access to needed services;2)undermining efforts to assure the quality of care;3)eliminating the one mechanism which enables patients to air and resolve grievances about the performance and delivery of services; and 4)severly damaging the possibility of promptly establishing a national consolidated ESRD data system which alone can provide the basis for responsible planning and monitoring of the program.

NAPHT believes there are three issues this subcommittee should focus on: (1) the need to proceed cautiously with any changes in provider reimbursement that could have the effect of reducing access to care, or compromising quality of care; (2) the need for a National consolidated ESRD data system; and (3) the need to clarify the role of ESRD Networks, both as participants in national data system and enforcing quality standards.

The regretable fact is that despite the substantial expenditures made for this program, there is no consolidated national data system collecting information on patients or the outcome and complications of treatment. This failure, I hasten to add, is not the fault of Congress. The Congressional policy spelled out in the statute directed

HCFA to establish a medical information system and to provide detailed annual reports to the Congress. Such a data system was initially attempted by HCFA requiring facilities to send data directly to HCFA. This resulted in less than a 50 per cent compliance rate. They then attempted to collect data through a private contract with Value Engineering, Inc. This too resulted in failure. In 1980 HCFA delegated data responsibilities to Networks. Now in 1986, various elements of a National data system exist but are not coordinated and HCFA is proposing to destroy the one agency that has provided reliable data to the public and to Congress. We as patients need such a system because it is the only way we can get the data to make informed choices about the many modes of renal replacement therapy available to us. And you, as guardians of the public's conscience and purse, need such a system to make sound judgements about the allocation of resources.

The Congress created the Networks to perform several functions, including the encouragement of lower cost modalities of treatment, quality assurance, the resolution of patient grievances and the promotion of patient rehabilitation. The Administration, in its annual crusade to dismantle the Networks, never mentions these activities. But they are central to the security and well being of patients.

Elimination of Networks will have devestating consequences for patients. Networks provide the only means through which patients can obtain data and information about treatment options, resolve patient care problems, and contribute their experiences to the development of patient care standards. Patients are represented on Network Executive Committees and Medical Review Boards, both of which often serve as "ombudsmen" as well as forums for discussion. And since the Networks have established relationships with the providers they could play a vital role in expediting a national data system. If there is some dissatisfaction with their performance, much of the criticism should be directed at HCFA, which through neglect, has forced Networks to work in a policy vacuum.

Reimbursement issues are of concern to patients for one reason, and one reason only: that the reimbursement mechanism does not introduce incentives that result in disruption of access to services or undermine quality of care safeguards. Quality of care is not rhetoric for us. Dialysis is lifetime care; three times each week, every week of our lives. And each treatment exposes us to major risks of infection, complications and death. It is a therapy that requires the utmost care, precision, and sensitivity--not just once or once in a while, but every time. So we are most attentive to access and quality issues.

Thus we believe that HCFA's current proposals to curtail facility reimbursement require careful scrutiny. In this attempt to ratchet down payment rates HCFA assumes that dialysis facilities should realize ever greater savings by reusing dialyzers and resorting to the use of less qualified staff. And if they can't do that--"exit the market place". But these presumed cost saving measures are issues of great contention among professionals and patients alike. They are quality issues that should not be dictated arbitrarily by a reimbursement method. Dialysis facilities have already achieved substantial economies. They were implemented to the extent possible as a result of the August 1983 reduction in reimbursement rates. It cost approximately 8 per cent less per dialysis treatment today than it did in 1973. We are concerned that the effect of pressures to find additional savings will reduce both access and quality.

Government funding for the ESRD program is quite different in purpose than funding for many other programs. Since lives are at stake, it is most appropriate to evaluate costs and patient outcomes over time. HCFA has always evaluated costs, inappropriately assuming quality of care and outcomes are unchanged. HCFA's Medical Information System does contain mortality and in-patient hospitilization cost data(the former sent by ESRD Networks, the latter by Medicare intermediaries). We suggest that HCFA compare the mortality and hospitilization data of dialysis patients for the two calendar years, 1981 and 1982(prior to the August 1983 decrease in reimbursements), with the two calendar years,1984 and 1985 following the reductions. It is vital to know if there were any changes in patient morbidity and mortality after the reduction in rates took effect. The data exists to do this and it seems prudent to do so prior to making rate changes. Just as other government programs are properly subjected to evaluation, this one should also be evaluated before changing the funding for its future.

We ask this Committee to require HCFA to monitor levels of morbidity and mortality in the ESRD program. Are we going to witness continual reimbursement rate reductions until the data show decreased quality of care through increased morbidity and mortality? (Or perhaps with no data being gathered we won't witness any trends?) Cost is controlled by the established Medicare reimbursement rate which has decreased since 1973, contrary to all other Medicare programs. In evaluating the appropriate level of the ESRD reimbursement rate we trust this Committee will not only encourage HCFA to keep these issues in mind, but will use current 1985 cost data to estimate the true cost of ESRD treatments. Obviously, Congress, HCFA, and the public will be unable to evaluate any of this without a National data system.

Our lives are a testimony to the success of this Government program. In an era of cost reduction we do not expect to be exempt, however we must insist that reductions not risk our ability to get care nor that they have the effect of reducing the quality of care available to us. We thank you for the opportunity to speak today and are prepared to continue to work with you and provide you further information and assistance.

STATEMENT OF JACK W. OWEN, EXECUTIVE VICE PRESIDENT, AMERICAN HOSPITAL ASSOCIATION

Senator WEICKER. Next we have Jack Owen, executive vice president of the American Hospital Association.

Mr. OWEN. Thank you for the opportunity to let me testify this morning. I appreciate this opportunity. I have a written statement which I assume will become part of the record, and I will just make a few comments in light of trying to keep the time down.

I understand very much the budget restraints that Congress is under. We appreciate the difficult task that you have. But we're deeply concerned about adequate funding of the health professions education program. We have worked very hard in the health care field, hospital field, to make sure that the prospective pricing system works. We've seen a reduction in the number of admissions, the length of stay; the trust fund is still solvent although people said it would be bankrupt by 1987.

We cannot, however, continue to provide this kind of service without trained staff, and I think the witness before me indicated some of the problems that we see.

Patients are spending less time in hospitals, and there's more need for home health care, for skilled nursing care, and we need nurses in order to provide that care. There's more need for technically trained people within the institution. The severity of the patients that we're now taking care of are much greater than they used to be because that's all we have. The other patients are either not being treated within a hospital or treated as an outpatient. And when you increase the severity, you must increase the training of the people who take care of those.

We would hope that you are able to maintain that $148 million level that was approved by Congress for the Nurse Training Act, and we certainly support and would work any way we can with you to see that it's done.

A couple of other quick comments. The National Health Service Corps is still needed. There's a lot of talk about a surplus of physicians in this country, but again, if you're living out in a rural part of the United States or an inner city, there's still a shortage of primary care physicians. And we think that the National Health Service Corps has provided a method to take care of coverage in those areas.

A third item that we're very concerned about is the acquired immune deficiency syndrome [AIDS] problem. Hospitals are the last resort for the AIDS patient, and those AIDS patients when they get to the hospital are usually needing very intensive care. They're close to being terminal and the only chance that we have to take care of them is in the hospital. The cost estimated by the Center for Disease Control for the first 10,000 patients was $1,400,000,000. That's a lot of money. We think that the need is to prevent and work to try and solve the AIDS problem rather than for the hospitals to have to take care of them in the final days of their lives.

In 1986 there was a $203 million appropriation—or $244 million appropriation, and yet we see it being dropped to $203. We hope that you can go back up to that 1986 level because the need is there.

Two other quick things I'd like to just comment on. The Medicare contractors. As you know, hospitals are paid through a third party, usually a Blue Cross plan or another fiscal agent, and the length of payment is being extended time and time again because of lack of funds to pay for processing these claims. Hospitals will continue to take care of the elderly, but we must be paid and must be paid on time.

And last, we would support the $3.4 million for the Prospective Payment Assessment Commission [ProPAC]. The needs for review of the prospective payment system are evident We think that the ProPAC is the proper mechanism to do that, and we would support a continuation of support of ProPAC.

Thank you again, Mr. Chairman, for allowing me to testify.

PREPARED STATEMENT

Senator WEICKER. Thank you. It's a pleasure to have you testify.

[The statement follows:]

STATEMENT OF JACK W. OWEN

The American Hospital Association, which represents 5,600 institutions and 40,000 personal members, is pleased to have this opportunity to present its view on the Administration's Fiscal Year 1987 appropriations request for the Department of Health and Human Services. There are several areas of the Administration's request that are of particular interest to hospitals: health professions education; the National Health Service Corps; Acquired Immune Deficiency Syndrome (AIDS) research and education; Medicare contractors; and the Prospective Payment Assessment Commission.

I am Jack W. Owen, Executive Vice President of the American Hospital Association. On behalf of the 5,600 institutional and 40,000 personal members of the Association, I am pleased to present our views on the Administration's Fiscal Year 1987 appropriations request.

The AHA represents over 200 hospital schools of nursing as well as more than 2,500 personal members in the AHA-affiliated American Organization of Nurse Executives. Nurses are key figures in any hospital, and they are assuming more responsibility in today's hospitals. Shortages of nurses still persist in certain geographic areas.

As employers and educators of health care personnel, hospitals are deeply concerned about adequate federal funding of health professionals education programs. To fulfill their commitment to deliver high-quality care, hospitals need an adequate supply of qualified professionals and competent technical personnel. Moreover, hospitals are involved directly in all levels of health personnel training: they operate hospital-based schools of nursing and offer clinical experience to undergraduate and advanced students in collegiate programs.

The Administration's budget for FY 1987 would eliminate all federal funding for nursing education and research programs, including funds for the newly created National Center for Nursing Research at the National Institutes of Health, saving $63.9 million, the amount provided for nursing programs in FY

1986. Programs subject to the total cut include those for advanced nurse training, nurse practitioners, professional traineeships, nurse anesthetists, research grants, demonstration projects, and other special projects. AHA is opposed to these cuts. These programs provide education and training opportunities for nursing students, educators, executives, and clinical specialists in areas such as home health care, geriatric and long-term care, maternal and child health care, and rural health care. Research programs and grants focus on the cost-effective delivery of health care services, particularly for high-risk populations including the elderly, premature newborns, the chronically ill, and the disabled and dying.

The ever-increasing demands for skilled personnel make continued funding of health professions education programs more necessary than ever. Technological advances are creating new occupations each year. At a time when federal payment and utilization control policies are encouraging shorter lengths of stay and greater use of outpatient services, hospitals are being called on to provide more intensive services to a greater proportion of seriously ill patients. The prospective pricing system undoubtedly will place additional demands on hospital personnel as incentives for cost-effective management are reconciled with the continuing responsibility to deliver high-quality care.

The President's 1987 budget requests no funds for health professions education programs. AHA believes that the federal government should maintain its commitment to health professions education and supports a funding level of $148 million for FY 1987, consistent with the level approved by Congress in the Health Professions Training Assistance Act of 1985 (P.L. 99-129).

The National Health Service Corps is a primary force in meeting the needs of medically underserved areas, and AHA strongly supports its work. Although the increasing supply of physicians and other health professionals has reduced the number of health manpower shortage areas, certain sections of the nation may never be able to attract and retain needed health personnel due to economic, social, or environmental conditions. Therefore, AHA supports continued funding both for the National Health Service Corps scholarship and field programs.

Acquired Immune Deficiency Syndrome (AIDS) has been labeled the nation's number-one health priority. As of December 1985, 15,000 cases of AIDS had been reported nationwide, with that number expected to double every 10 to 12 months. The cost of treatment for the first 10,000 AIDS patients has been estimated by the Centers for Disease Control at over $1.4 billion. It is imperative that a sustained and reliable federal funding source be available to allow for continued research into a cure for AIDS and to support necessary clinical trials of the drugs resulting from that research. However, since the first vaccine is not expected to be available for testing until 1988 at the earliest, increased resources must be targeted for education and risk-reduction programs in an effort to slow the spread of the AIDS virus. Additionally, funding should be made available for demonstration projects to explore alternative health care delivery systems for AIDS patients.

The Adminstration's 1987 budget includes $203 million to support epidemiological studies and investigations, research on causes and cures, and preventive education for AIDS. However, considering the epidemic proportions of the AIDS crisis, AHA believes funding should be continued at least at the FY 1986 appropriated level of $244 million.

The Administration budget includes a request of $957 million for Fiscal Year 1987 for Medicare contractors. Medicare beneficiaries submitted 31 million more claims in FY 1986 than in FY 1985. But Medicare contractors are operating with $12 million less than in FY 1985. To deal with this shortfall the Health Care Financing Adminstration is not providing funds to process all claims, and large backlogs of unprocessed claims are growing. The American Hospital Association supports funding for Medicare contractors at a level of $1.147 billion. These funds are needed to prevent any further backlog.

The American Hospital Association is also concerned with the proposed cuts in programs affecting persons with mental disorders, alcoholism, and substance abuse problems. There are several programs in particular that we would like to comment on. AHA favors the awarding of 425 new and competing extramural research grants at the National Institute of Mental Health, for initiatives in schizophrenia and elderly and child mental disorders. In addition, we recommend an appropriation of $576 million for the Alcohol, Drug Abuse and Mental Health Block Grant, (ADAMHA), and $5 million for state interagency planning grants. A significant portion of the funds would be used by states to provide community mental health intervention services for homeless persons with mental illness. AHA also supports funds for the National Instutite for Alcohol Abuse and Alcoholism (NIAAA) to maintain program growth and restore inititatives such as the National Clearinghouse for Alcohol Information.

AHA supports the $3.4 million appropriation request of the Prospective Payment Assessment Commission for FY 1987. This level of funding is necessary to support research requirements. A significant portion of these funds would be spent on studying the impact of the prospective payment system on the Amercian health care system. The work of PROPAC is vital to assuring the continued high quality of health care for this nation.

STATEMENT OF WILLIAM S. KATZ, MEMBER, EXECUTIVE COMMITTEE OF THE NATIONAL ASSOCIATION OF RETAIL DRUGGISTS

Senator WEICKER. The next witness is Mr. William Katz, executive committee member of the National Association of Retail Druggists [NARD]. Mr. Katz, nice to have you here.

Mr. KATZ. Thank you, Senator. Mr. Chairman, I'm William S. Katz of Newington, CT. I serve on the executive committee of the National Association of Retail Druggists and as chairman of its Third Party Payment Committee. With me today is John M. Rector, our general counsel and vice president of Government affairs.

The National Association of Retail Druggists represents owners of more than 30,000 independent pharmacies where over 75,000 pharmacists dispense more than 70 percent of the Nation's prescription drugs.

NARD members are primarily family businessmen. We have roots in America's communities. The neighborhood independent druggist typifies the reliability, stability yet adventuresomeness that has made our country great.

As owners, managers, and employees of independent pharmacies, our members are committed to legislative and regulatory initiatives designed to provide them a fair chance to compete. We appreciate the opportunity to appear before the subcommittee and present our recommendations for the Department of Health and Human Services [HHS] Health Care Financing Administration programs.

We believe that a major strength in the health care system is the thousands of independent community pharmacies, readily accessible to virtually every segment of the population. Any revision in the Medicare and Medicaid Health Care Program should capitalize on the strengths of the existing retail distribution network for drugs and related products and services.

There are many problems confronting independent and retail pharmacists who serve Medicare and Medicaid patients. We've attempted to highlight current major problems.

We urge the subcommittee one, to carefully monitor the Health Care Financing Administration's pledge to leave implementation of estimated acquisition cost programs to the States. We know that in fashioning the Medicaid Program, Congress never intended that the normal business practices of retail pharmacists, including earned discounts, be jeopardized by a pharmacist's participation in Medicaid. The committee addressed this issue in its report last year, and on the eve of the markup by the House subcommittee of the 1986 bill, HCFA withdrew its ill-conceived proposal.

In spite of the efforts of the subcommittee and those of the Chief Counsel for Advocacy of the Small Business Administration, HCFA officials, for example, in regions III and VIII, are continuing their campaigns to confiscate discounts earned by retail pharmacists. In the State of Utah, for example,on February 14, 1986, the Department of Health moved to confiscate discounts and cited directives of HCFA.

Similarly in Pennsylvania, HCFA regional officials have recently urged the Independent Regulatory Review Commission to confiscate earned discounts.

We further urge to reject piecemeal reform of the Medicaid Prescription Drug Program. We were especially pleased when Secretary Heckler in June 1983 established a departmentwide task force to review, after a decade of serious problems, all the regulations pertaining to prescription drug reimbursement. NARD presented testimony requesting the inclusion of a generic drug incentive program and pharmacy voucher proposal and that the mandated prescription dispensing surveys be conducted annually and their findings be mandated.

Unfortunately, in 1985 comprehensive reform was rejected. In addition to the ill-fated effort to confiscate earned discounts, HCFA resurrected the Pharmacist's Incentive Program and proposed a vague and confusing concept known as the Competitive Incentive Program.

We urge the subcommittee, on an interim basis, to support a drug voucher pilot program and to help assure that HCFA cost of filling a prescription survey regulations are implemented. Ironically, in some States where surveys have been conducted—for example, Arkansas—HCFA, in an unprecedented action, is challenging the State's decision to increase the pharmacy dispensing fee based on its survey findings required by HCFA regulations.

To require HCFA to implement the Prompt Payment Act, especially as it relates to pharmacy providers, particularly in a Medicare program.

We strongly disagree with the HCFA argument that when fiscal intermediaries or contractors are hired by the agency to act basically as payment officers, that HCFA is no longer required to make prompt payment.

To request a GAO investigation of captive referrals of Medicare recipients. In addition to the problems created by hospitals releasing sicker patients quicker, it can be documented that hospitals, including nonprofits, discharge planners do not necessarily inform patients and/or family that they are entitled to freedom of choice as to community placement or providers of home care services. In fact, they are seeing increasing evidence that discharge planners are steering Medicare patients to community placements and/or providers/suppliers in which the hospital has a proprietary or other organizational interest.

Finally, we ask you to deny Medicare and Medicaid funds to hospitals and other health care institutions engaged in drug diversion. The April 1986 House Subcommittee on Oversight and Investigations of the Energy and Commerce Committee released its report: "Dangers Medicines: The Risk to American Consumers from Prescription Drug Diversion and Counterfeiting." After extensive hearings, the Oversight Subcommittee has issued legislation and regulatory recommendations, including the recommendations that Congress should deny Medicare and Medicaid benefits to drug diverters.

NARD seeks the support of the subcommittee for our recommendations and will assist its members and staff in the refinement of our proposal. Additionally, it is our intention to submit supplemental statements to the subcommittee addressing several other matters relating to the HCFA appropriations.

On behalf of the officers, executive committee, and members of NARD, we thank you for the opportunity of appearing to continue to participate in the formulation of appropriations for HCFA.

PREPARED STATEMENT

Senator WEICKER. Thank you, Mr. Katz, I thank you for your testimony and for making the trip from Connecticut, and it was a pleasure listening to you

[The statement follows:]

STATEMENT OF WILLIAM S. KATZ

I am William S. Katz, of Newington, Connecticut . I serve as on the Executive Committee of the National Association of Retail Druggists, and Chairman of its Third Party Paymen. Committee. With me today is John M. Rector, our General Counsel and Vice President of Government Affairs.

The National Association of Retail Druggists (NARD) represents owners of more than 30,000 independent pharmacies, where over 75,000 pharmacists dispense more than 70 percent of the nation's prescription drugs. Together, they serve 18 million persons daily and provide nearly 85 percent of the Medicaid pharmaceutical services. More than sixty percent of our members are currently involved in providing home health care. NARD has long been acknowledged as the sole advocate for this vital component of the free enterprise system.

NARD members are primarily family businesses. We have roots in America's communities. The neighborhood independent druggist typifies the reliability, stability, yet adventuresomeness, that has made our country great.

As owners, managers and employees of independent pharmacies, our members are committed to legislative and regulatory initiatives designed to provide them a fair chance to compete. We appreciate the opportunity to appear before the Subcommittee and present our recommendations for the Department of Health and Human Services Health Care Financing Administration programs. We believe that a major strength in the health care system is the thousands of independent community pharmacies readily accessible to virtually every segment of the population. Any revisions in the Medicare and Medicaid health care program should capitalize on the strengths of the existing retail distribution network for drugs, and related products and services.

Competition in retail pharmacies is alive and well. Competition is an incentive for efficiency and the price competition in retail pharmacy is greater than can be found among the other providers of health services.

There are many problems confronting independent retail pharmacists who serve Medicare and Medicaid patients. We've attempted to highlight current major problems.

RECOMMENDATIONS TO THE SUBCOMMITTEE

We urge the Subcommittee:

(1) TO CAREFULLY MONITOR THE HEALTH CARE FINANCING ADMINISTRATION'S (HCFA) PLEDGE TO LEAVE IMPLEMENTATION OF ESTIMATED ACQUISITION COST (EAC) PROGRAM TO THE STATES.

We know that in fashioning the Medicaid program, Congress never intended that the normal business practices of retail pharmacists, including earned discounts, be jeopardized by a pharmacist's participation in Medicaid.

The Committee addressed this issue in its report last year, and on the eve of the markup by the House Subcommittee of the 1986 bill, HCFA withdrew its ill-conceived proposal.

In spite of the efforts of the Subcommittee and those of the Chief Counsel for Advocacy of the Small Business Administration (See Exhibit I), HCFA officials, for example, in Regions III and VIII, are continuing their campaigns to confiscate discounts earned by retail pharmacists. In the state of Utah, for example, on February 14, 1986, the Department of Health moved to confiscate discounts and cited directives by HCFA. (See Exhibit II)

Similarly in Pennsylvania, HCFA Regional Officials have recently urged the Independent Regulatory Review Commission to confiscate earned discounts (See Exhibit III) while both the Senate and House Committees have rejected the proposals by votes of 10-0 and 18-0 respectively. We are guardedly optimistic, however, that Secretary Bowen and Under Secretary Designate Newman will move to prevent such unauthorized activities.

(2) TO REJECT PIECE-MEAL REFORM OF THE MEDICAID PRESCRIPTION DRUG PROGRAM.

We were especially pleased when Secretary Heckler, in June of 1983, established a department-wide Task Force to review, after a decade of serious problems, all of the regulations pertaining to prescription drug reimbursement. In September 1983, during two full days of hearings, 33 witnesses appeared (70 more submitted recommendations) to address a wide range of matters including suggestions for a generic drug incentive program and the NARD pharmacy voucher proposal aimed at reducing excessive paperwork, eliminating payment delays, and enhancing consumer/recipient prudent purchasing of products and services. Pharmacy, likewise, recommended that prescription dispensing fee surveys be conducted annually and that the findings be mandated.

Unfortunately, in 1985, comprehensive reform was rejected. In addition to the ill-fated effort to confiscate earned discounts, HCFA resurrected the Pharmacist's Incentive Program (PhIP) and proposed a vague and confusing concept known as Competitive Incentive Program (CIP). Although CIP raised more questions than it answered, it could be the basis, if significantly altered, for true reform. Such reform could be accomplished by combining marketplace pricing and drug vouchers, proposals initiated by NARD.

(3) ON AN INTERIM BASIS, TO SUPPORT A DRUG VOUCHER PILOT PROGRAM AND TO HELP ASSURE THAT HCFA COST OF FILLING A PRESCRIPTION SURVEY REGULATIONS ARE IMPLEMENTED.

HCFA regulations require that the state agency "must survey pharmacy operations, including operational, professional service, overhead, and profit data." Some states, for example Indiana and Pennsylvania, have not conducted such surveys for years. Ironically, in states where surveys have been conducted, for example Arkansas, HCFA, in an unprecedented action, is challenging the state's decision to increase the pharmacy dispensing fee based on its survey findings required by HCFA regulations.

A comprehensive review of a pilot study of the utilitization of drug vouchers, drug stamps, and smart cards in the Medicaid prescription program, could yield immense savings. HCFA data reveals that more than 50% of all Medicaid paperwork is generated by the drug program. Some have estimated that vouchers could eliminate two-thirds of the administrative costs. Such a review would assist states in their determination as to whether they would adopt a voucher program. Unfortunately, the acting head of HCFA, Mr. Desmarais, recently related to the House Subcommittee (3-20-86) that the Alabama voucher program, which had been cited for excellent by HHS, resulted in an over-payment to pharmacists. Nothing could have been further from the truth. The Alabama voucher program did not affect the level or methodology of payment to pharmacist providers; yet it did assure prompt payment. Perhaps it is HCFA's view that prompt payment constitutes over-payment.

Comprehensive reform, including a drug voucher, has been endorsed by the National Association of Chain Drug Stores, Inc. (NACDS), Joint Commission of Pharmacy Practitioners (JCPP), American College of Apothecaries (ACA), American Society of Consultant Pharmacists (ASCP), American Society of Hospital Pharmacists (ASHP), and NARD. Thus, those organizations that represent the proprietary interest of pharmacy practitioners in the retail sector concur. More recently, even the American Pharmaceutical Association (APhA), which represents the non-proprietary professional interests of some pharmacists, has endorsed the voucher concept.

(4) TO REQUIRE HCFA TO IMPLEMENT THE PROMPT PAYMENT ACT, ESPECIALLY AS IT RELATES TO PHARMACY PROVIDERS, PARTICULARLY IN THE MEDICARE PROGRAM.

We strongly disagree with the HCFA argument that when fiscal intermediaries or contractors are hired by the agency to act basically as payment offices, that HCFA is no longer required to make prompt payment. Additionally, we recently joined with major organizations, representing Medicare home health care providers, in urging a moratorium on further changes in the program following ad hoc radical changes in 1985 which resulted in even greater confusion, unfairness, and delay in payment.

(5) TO REQUEST A GAO INVESTIGATION OF "CAPTIVE REFERRAL" OF MEDICARE RECIPIENTS.

In addition to the problems created by hospitals releasing "sicker patients quicker," it can be documented that hospital, including non-profits, discharge planners do not necessarily inform patients and/or family that they are entitled to freedom of choice as to community placements or providers of home health care. In fact, we are seeing increased evidence that discharge planners are steering Medicare patients to community placements and/or provider/suppliers in which the hospital has a proprietary or other organizational relationship.

(6) TO DENY MEDICAID AND MEDICARE FUNDS TO HOSPITALS AND OTHER HEALTH CARE INSTITUTES ENGAGED IN DRUG DIVERSION SCHEMES.

In late April 1986, the House Subcommittee on Oversight and Investigations of the Energy and Commerce Committee, released its report "Dangerous Medicines: The Risk to American Consumers from Prescription Drug Diversion and Counterfeiting." After extensive hearings, the Oversight Subcommittee has issued legislative and regulatory recommendations, including the recommendation that Congress "should deny Medicaid and Medicare benefits to drug diverters." (See page 8 of Exhibit IV) Additionally, we believe that non-profit entities should lose their Medicare/Medicaid eligibility if they violate the Non-Profit Institutions Act, or if they are eligible to purchase drugs and other products as a charity under the Act and do so but do not pass the price benefits on to the government or to patients in the uncompensated care category.

NARD seeks the support of the Subcommittee for our recommendations and will assist its members and staff in the refinement of our proposal. Additionally, it is our intention to submit a supplemental statement to the Subcommittee addressing several other matters relevant to the HCFA Appropriations.

On behalf of the Officers, Executive Committee, and members of the National Association of Retail Druggists, we thank you for the opportunity to appear and continue to participate in the formulation of appropriations for HCFA.

STATEMENT OF SIDNEY BASKIN, M.D., PRESIDENT, THE NATIONAL FORUM OF END STAGE RENAL DISEASE NETWORKS

Senator WEICKER. Our next witness is Dr. Sidney Baskin representing the National Forum of End Stage Renal Disease [ERSD] Networks. Dr. Baskin.

Dr. BASKIN. Good morning. Mr. Chairman and members of the committee, I wish to thank you for the opportunity of testifying before you this morning. I assume you have a copy of our written testimony; I will just hit some areas that I think are of vital importance and that summarize some of the things that we have mentioned in more detail in our written testimony.

I am a nephrologist. I am director of an end stage renal disease facility in Detroit, MI. I am both those by design and by training. I am also a committed volunteer in networks, and I am president of the National Forum of End Stage Renal Disease Networks, more by circumstance than by design.

I'm here today because I believe in networks, and I believe in their proven ability to collect valid data, to perform quality assurance and to address patient grievances and respond to patient needs, as has been so eloquently discussed earlier by the representative from NAPHT.

Unfortunately, I find myself also very depressed and frustrated. As you have heard, HCFA has proposed rules in the Federal Register on April 15, 1986, that would, if adopted, eliminate a data system that reflects more than 6 years of monitoring of patient activity and outcome, in all treatment modalities; dialysis and transplantation; a system that is validated locally and has achieved 100 percent compliance nationwide; a system that is poised to be converted to the first national end stage renal disease registry for dialysis and transplantation in this country; the only system that provides information on catastrophic illness in the United States; a system that monitors a $2.5 billion program monitoring 85,000 living dialysis patients, 31,000 transplant patients in over 1,500 end stage renal disease facilities.

Why would anyone want to eliminate a functional system and replace it with one that has proven in the past to be ineffective? If this is allowed to occur, it is incomprehensible how quality assurance, patient grievances, and patient needs will be continued to be addressed. How can you do quality assurance in the absence of data?

Furthermore, the regulations published by HCFA make a number of false assumptions. One, that network data are not compatible. Indeed, network data has been uniform and 100 percent computerized nationwide for several years.

Another false assumption is that networks have different objectives. Networks have had the same objectives throughout this country for the past 4 years. And finally and most disturbing of all is the statement that networks have escalating administrative costs. In 1980, $6 million was appropriated for networks; in 1985, $4.8 million, despite an increasing workload and increasing patient population, sicker patients, older patients, increasing demands, increasing work. If this program ends, everybody will lose. Patients will be disenfranchised. The most successful multidisciplinary team approach to quality assurance and planning in medicine will be lost—I believe a model program in this regard. It will disappear.

Congress will have no data or information about the program. I think this would be a loss that would be irretrievable.

I represent committed, dedicated, caring people. That includes professionals, staff and most important, patients, almost all of whom are volunteers, which is why this program has been able to thrive on such limited budgetary support. I don't want to see undone Congress' compassionate, history-making response to the end stage renal disease community in 1973. I believe it will be a loss that we will all feel, and it will be a loss that we will not be able to retrieve.

Thank you for the opportunity to testify this morning. I'll be happy to answer any questions if you have them.

Senator WEICKER. I appreciate your testimony, and I think we've heard enough as between yourself and the previous witness that I'm certainly going to ask the staff to take a look at these matters. And I gather that the bottom line of all this is that the patients most affected are obviously—feel that they're going to be shortchanged in the sense of rules and regulations.

Dr. BASKIN. Well, the concern is that, having worked in this program now since its inception, it's one of the only programs—and I speak as a physician as well as someone involved in this—in which patients are part of the team; where patients have an opportunity to have input, patients have an opportunity to be heard, patients have an opportunity to affect their treatment. And I think that if we lose that, we'll all suffer, but patients, as always, will suffer the most.

PREPARED STATEMENTS

Senator WEICKER. Thank you very much. Your statement will be included in the record at this point along with other statements for the record on appropriations for the Health Care Financing Administration.

[The statements follow:]

STATEMENT OF SIDNEY BASKIN

Unfortunately, I feel that I must come to this subcommittee with a very grave message. The Health Care Financing Administration has proposed rules in the Federal Register on April 15, 1986, that would redesignate existing network areas and reduce the number of networks to the smallest practicable number, presumably 14. These rules would dismantle the existing intranetwork structure of communication and responsibility for quality assurance through the Medical Review Board, and eliminate access to data to those responsible for monitoring the quality of care for this $2 billion Federal catastrophic health care program.

Since 1981, networks' representatives have appeared before this and other congressional committees urging the continuation of existing networks. Networks have had a critical role in the collection and validation of all national medical information system [MIS] patient-specific data. They have also established uniformity in such data nationwide through voluntary efforts. In addition, networks have a unique role in utilizing local data for quality assurance and the resolution of patient grievances. It must be obvious that to meet the needs of patients, providers, the Health Care Financing Administration, and the Congress for cost containment and quality assurance that data are essential. To remove access to patient-specific data from the very organizations charged with quality assurance and resolution of grievances is incomprehensible. Should these proposed rules go unchallenged, the network organizations would be emasculated. Further, it is contradictory for the President to express interest in exploring catastrphic disease coverage and, at the same time, dismantle the only Federal program that collects data and monitors quality of services provided for a catastrophic disease.

If this doesn't concern you, let me describe for you a future in which there aren't 32 networks. This is the near future, perhaps as soon as this autumn. You will try to get data on the current size of the kidney failure population and know something about their treatment choices. But, you will be frustrated because the data collected by HCFA will be old and filled with holes. On [illegible] this, it will take HCFA months to respond to your request because it simply won't have data without networks.

Questions have been raised as to why networks per se are needed for the existence of a national ESRD patient registry. It has been argued that data could be collected by a private contractor. This approach was tried at the initiation of the ESRD Program with a contract with Value Engineering. The effort failed. HCFA then began collecting data directly from facilities. Their efforts resulted in a less than 50 percent compliance rate. Frustrated by these poor results and growing criticism from both Congress and the renal community, HCFA turned to networks and, without additional funding, required them to be responsible for the collection, validation, and submission of all aggregate facility survey data, as well as all patient-specific dialysis and transplant forms from over 1,100 certified facilities.

Within the first year, networks demonstrated their ability to collect data with a 100-percent compliance on the semiannual MIS facility survey. This compliance rate has been duplicated during each of the past 6 years. It is from these facility surveys that HCFA's ESRD annual report to Congress is written and you obtain your information each year as to the number of patients on dialysis, their treatment settings, and the number of patients receiving kidney transplants.

We have today the same concerns and the same messages as in the past. If the administration's proposal to separate and dismantle the data system and the network organizations goes unchallenged or if Congress allows the administration to succeed at its proposal to spend but $1 million on network organizations in fiscal year 1987, Congress will eliminate the opportunity to enhance the national ESRD medical information system so that it can meet the country's needs.

End Stage Renal Disease Network Coordinating Councils perform all of the functions that you and the Health Care Financing Administration need to: Monitor and assure quality of care; ensure that patients have a voice in their treatment; promote patient rehabilitation; collect valid data for analysis; and enhance the effective and efficient administration of Medicare benefits.

Consequently, I urge your support for the existing network system and the defeat of the April 15, 1986, proposed rule. In addition, I urge you to reinstate funding for ESRD networks at a level of $7 million in the fiscal year 1987 budget. It is only through the 32 ESRD networks that you will be able to properly serve the 90,000 voters currently with kidney failure and all those that will be diagnosed in the future. We need you to respond favorably, just as Congress responded positively and compassionately in 1973 to make life-saving transplant and dialysis therapy available to Americans in need. I thank you for the opportunity of presenting this testimony and for your continued support of our program.

LETTER FROM JOHN M. RECTOR, ESQ., GENERAL COUNSEL AND VICE PRESIDENT, GOVERNMENT AFFAIRS, NATIONAL ASSOCIATION OF RETAIL DRUGGISTS

June 2, 1986

Mrs. Patricia Falsey
Labor-HHS-Education Appropriations
Subcommittee
United States Senate
Washington, DC 20510

Dear Mrs. Falsey:

The purpose of this correspondence is to follow-up on our testimony given on May 13 regarding HCFA appropriations for FY 1987.

There was a concern raised by HCFA in Pennsylvania recently. Fortunately the Independent Regulatory Review Commission rejected HCFA's attempt to force the state to confiscate earned discounts by disapproving the proposed regulations. A copy of the order of issue is enclosed, and we would like this to be included in the permanent hearing record.

Also, we are including a letter from Barnard Levenson with Carecore in Pennsylvania which highlights the problems being experienced, which is typical of the violations of the Prompt Payment Act and the serious consequences for Medicaid providers.

Thank you for your attention in this matter.

Sincerely,

John M. Rector

John M. Rector, Esq.
General Counsel & Vice President
Government Affairs

INDEPENDENT REGULATORY REVIEW COMMISSION

IN RE: IRRC REGULATION #14-257
DEPARTMENT OF PUBLIC WELFARE
PHARMACEUTICAL SERVICES

PUBLIC MEETING OF
MAY 7, 1986

BY ORDER OF THE COMMISSION

On April 1, 1986, the Independent Regulatory Review Commission (Commission) received these proposed regulations form the Department of Public Welfare (DPW). These proposed regulations would amend 55 Pa. Code, Chapter 1121, which pertains to pharmaceutical services. These regulations are being proposed pursuant to DPW's authority contained in the Act of June 13, 1967 (P.L. 31, No. 21), as amended (62 P.S. §§403, 443.4, 443.6 and 444.1). These regulations were published in the Pennsylvania Bulletin of April 12, 1986, with a thirty-day public comment period.

These proposed regulations constitute DPW's cost containment program for the pharmaceutical portion of the Medical Assistance Program for the 1986-87 fiscal year. The major provisions contained in these regulations are the following:

1. In Section 1121.53, DPW is increasing the documentation requirements with which a physician would have to comply to prescribe the name brand version of a drug, for which there are generic equivalents if that particular drug is on either the federal or state MAC;

2. In Section 1121.54, DPW is adding to the list of noncompensatable services and items, pharmaceutical products which are considered personal care management items and which are not considered to be medically necessary;

3. In Section 1121.56(a)(1), DPW is establishing the estimated acquisition cost (EAC) for drugs at the average wholesale price (AWP) contained in the Drug Topics Red Book minus 10 percent;

4. In Section 1121.56(b), DPW is establishing the maximum reimbursement level at either the EAC as defined by Section 1121.56(a) or the price established by the state of federal MAC, whichever is less;

5. In Section 1121.56(c), DPW is changing the price updating process from an automatic monthly basis, to a discretionary review every six months; and

6. In Section 1121.56(e), DPW is establishing a state MAC program with a price ceiling for multisource drugs, using the 70th percentile as the ceiling price.

Comments in opposition to these proposed regulations have been submitted by the Pharmaceutical Manufacturers Association, the Pennsylvania Medical Society, the Pennsylvania Retailers' Association, the Rite Aid Corporation, Spectro Industries, Inc., the Pennsylvania Pharmaceutical Association, the Allegheny, Lancaster, and Philadelphia Pharmacists Associations, and several individual pharmacists. On April 30, 1986 both the House and Senate Public Health and Welfare Committees unanimously voted to recommend disapproval of these proposed regulations. Additionally, individual comments in opposition to the regulations were received from Senator Clarence D. Bell, Senator Hardy Williams, Senator James J. Rhoades, Representative Jon D. Fox, and Representative Ruth C. Rudy.

We have reviewed these proposed regulations and find them not to be in the public interest. Based on our review and the substantial amount of input that we have received from the Legislature and the public on these proposed regulations, we have concerns with almost every provision contained in this proposal. More specifically, we do not see the need for the burdensome additional documentation requirements imposed upon physicians and to some extent pharmacists as required under the new version of Section 1121.53. Concerning the amendment to Section 1121.54, it is not clear what kinds of products DPW is trying to address with this provision or how pharmacists will know which products DPW feels should be excluded under this provision. We suggest that further elaboration or the use of examples would enhance the clarity of this provision and additionally feel that DPW, through publication of notices or medical assistance bulletins, should provide pharmacists with a listing of any such products. On the use of average wholesale price minus 10 percent as the estimated acquisition cost, we have several concerns. First, DPW has provided us with no documentation to support its contention that pharmacies in Pennsylvania, on average, are able to purchase drugs at a price which is 10 percent below the price listed in the Drug Topics Red Book. DPW has placed total reliance upon a report prepared by the Inspector General's Office of the Health Care Financing Administration as conclusive evidence that pharmacies purchase drugs substantially below AWP. Based on information to the contrary that we have received and the very limited scope of the Inspector General's Report upon which DPW has relied, we are unconvinced that 10 percent is an appropriate figure. Assuming however, that AWP minus 10 percent does represent a reasonable estimate of estimated acquisition cost, it has been demonstrated to us that not all pharmacies in Pennsylvania have equal access to drugs at the same prices. Volume and seasonal discounts, minimum purchase requirements, discounts for prompt payment and a variety of other factors determine a pharmacy's actual acquisition cost. The size of a pharmacy i.e. whether it is a single independent store or part of a large nationwide chain, will frequently dictate whether or not a pharmacy can take advantage of a variety of discounts that exist in the marketplace. Additionally, some drugs, particularily those for which generic drugs are not yet on the market, cannot be purchased at a discount regardless of the volume of an order. Finally, the issue of total pharmacy compensation must be considered. Under the Medicaid Program in Pennsylvania, pharmacists receive a dispensing fee of $2.75 (which is to cover the labor and overhead expenses associated with filling the prescription) plus the cost of the drug which is currently determined by using AWP. Instituting a significant reduction in the reimbursement for the drugs themselves such as AWP minus 10 percent will have a significant impact on whether or not it is profitable for a pharmacy to participate in the Medicaid Program. Our review of other state programs which have gone to an AWP minus a fixed percentage to determine the estimated acquisition cost of drugs has indicated that significant increases in the dispensing fees occurred either simultaneously or soon after implementation of AWP minus a percentage. Therefore, any effort to refine the estimated acquisition cost should be done in concert with a review of the adequacy of the dispensing fee. While we agree with DPW that efforts should be made to reduce increasing costs in the pharmaceutical portion of the Medicaid Program, we are concerned that an action, such as shifing to AWP minus 10 percent, could force pharmacies out of the Medicaid Program and create an access problem for Medicaid recipients. For similar reasons, we feel that the proposed change in Section 1121.56(c) under which DPW would defer making updates to its estimated acquisition cost file from a automatic process done monthly to a discretionary review to be completed every six months places an unfair burden upon pharmacists as well. As DPW's own supporting materials have pointed out, one of the major reasons for the rapid escalation in pharmaceutical expenses is the rapid increases in the prices of the drugs themselves. To force pharmacies to absorb increases by manufacturers over which they have no control is unfair and again, may have the effect of forcing pharmacies either to drop out of the Medicaid Program altogether or to stock only certain drugs which would make it difficult for welfare recipients to get certain prescriptions filled. Therefore, we feel that it would be more appropriate for DPW to continue its process of monthly updating its estimated acquisition file. Our final concern with these proposed regulations centers on the establishment of a state MAC program, which is defined for the most part in Section 1121.56(e). Based on our research of other states who have instituted a MAC program, we concur with DPW that potential savings could accrue by implementating such a program in Pennsylvania. However, in most other states where a state MAC has been established, criteria for selecting drugs to be placed upon the state MAC list and procedures by which the placement of these drugs would be reviewed have been established either by regulation or administrative procedure. In these proposed regulations and their supporting material no such criteria or procedures have been outlined. Hence it is impossible to evaluate whether or not the implementation of a state MAC in Pennsylvania will be able to achieve similar benefits to those MAC programs that have been implemented in other states. We feel that DPW needs to establish more of the details and mechanics of its state MAC program before we can review its appropriateness.

By letter of May 5, from Deputy Secretary for Medical Assistance, Gerald F. Radke, DPW has submitted, in narrative form, some proposed amendments to the regulations that were originally submitted to our Commission. More specifically, DPW has agreed to reduce the amount of documentation that would be required by a physician to overide the state and federal MAC program restrictions, to update on a quarterly basis its estimated acquisition cost file, to expand what it means by personal care management items, and to develop an exemption provision from AWP minus 10% for small individually owned pharmacies who can demonstrate that the amount they pay to manufacturers or wholesalers is not less than AWP. While this proposal appears to satisfactorilly address our concerns concerning excessive documentation required of physicians to overide the state or federal MAC, the other proposed changes do not fully address the concerns we have outlined above. Therefore, the Commission disapproves these proposed regulations as submitted to the Commission on April 1, 1986 and amended by the letter dated May 5, 1986 from the Department of Public Welfare.

This disapproval constitutes an order barring final publication as provided by Section 6(b) of the Regulatory Review Act.

LETTERS FROM BERNARD G. LEVENSON, CHIEF EXECUTIVE OFFICER, THE CONCERNED HEALTHCARE PRODUCT CENTER

April 9, 1986

Charles M. West
National Association of Retail Druggists
205 Diangerfield Road
Alexandria, VA 22314

Dear Mr. West:

Due to the slow payment and ever increasing delay in the processing of claims for payment to Carecore, I wish to inform you of the disastrous situation the Medicare Carrier of PA has precipitated.

Since my last letter of March 13, 1986, that I am enclosing, another five jobs at Carecore have been lost, two trucks and two cars have been taken off the street and sold. The balance of our employees have taken a 20% cut in salary and the CEO, President, Comtroller and Manager of our Pharmacy have not cashed their payroll check for some eight weeks.

It is apparent that Blue Cross of PA is ignoring my pleas and not helping.

We ask your support to arrange for us to meet personally with Kim Deiter to go over my account as per my attached letter. Please send letters and make calls on our behalf to give greater meaning to the seriousness of my situation.

Thank you for your help in this matter, I am,

Gratefully yours,

Bernard G. Levenson
Chief Executive Officer

April 9, 1986

Mr. Gino Francavilla, Director
Medicare Services Division
Medicare
Post Office Box 65
Camp Hill, PA 17011

Dear Mr. Francavilla:

On March 5, 1986, we received a letter from Kim R. Deiter, Manager, Professional Services, in her correspondence she informed us that several hundred reviews would be processed and completed in two to three weeks. This appeared to be a fact and we could expect payment.

We sent reviews in November and December, 1985, totalling $69,000.00, the majority of these reviews were Blue Cross' inability to pay the allowable. As of today we received payment for five patient reviews, totalling $1,000.00. Blue Cross and Blue Shield of PA continues to fall further behind in payments due our company. There are many reasons that can and should be addressed.

Ms. Deiter sent me a list of our active accounts on February 26, 1986, there were no names, just numbers, we have no possible way of matching the numbers. Our patients have names, as they are human beings, Blue Cross/Blue Shield patients have no names. We feel the least they could do is use the names in order for us to review.

It is perfectly clear that the Medicare carrier for PA, namely Blue Cross/Blue Shield is paying half the money in twice the time and the situation is exacerbating.

In Ms. Deiter's letter she continually refers to claims in process, and never refers to payments in process. The diary system which is an automatic regeneration of payments is a complete disaster. If the diary system worked physically, like it is explained, our Medicare payments would be current.

I formally request a personal interview with Ms. Deiter, to go over my account while I still have a roof over my head. I implore a quick response to help my Company in this crisis.

Sincerely,

Bernard G. Levenson
Chief Executive Officer

March 13, 1986

Dear

We have recently received a response to our letters from Blue Cross, the Medicare carrier in Camp Hill, signed by Kim R. Deiter, Manager Professional Services.

Ms. Deiter admits to having 219 claims which she considers active. She claims the only way we could get an accelerated payment would be with claims that are in a decision making process. This becomes a highly technical response. Our feeling is, if the claim is not paid for an extended period and is beyond the terms originally stated in the Medicare contract, which are that we would be paid in 30 days, it should be considered that the claim is in a decision making process and we should get an accelerated payment.

We requested a lump sum payment on the sale of equipment, after the carrier instructed us to do so, again the carrier has ignored our request. When we do get paid we are being paid at 1983 prices, in installments and without interest. This is unacceptable, unconscionable and there is no survival with these methods.

Ms. Deiter also wrote another letter to our Accounts Receivable Department, in regard to my active claims in appeal going back to 1984. She again admits to several hundred claims, although according to our records there are at least double that, due to their failure to pay us approved prevailing allowables. We are enclosing copies of Ms. Deiter's letters which are confusing, hard to understand and can be interpreted in many ways.

The situation is grave, I implore you to contact Kim R. Deiter to advise her of the emergency circumstances I am now experiencing. If the situation continues your constituents will not be able to receive equipment. They have paid money in good faith to Medicare to receive services when they are ill.

I am asking your continued support by informing Medicare of this situation, and making your position known.

Thank you for any support you have given or will give in the future.

Respectfully,

Bernard G. Levenson
Chief Executive Officer
CARECORE

STATEMENT OF CHAPIN WILSON, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, GENERAL COMMITTEE OF SOCIAL SECURITY ADMINISTRATION EMPLOYEES

Senator WEICKER. Next we have Chapin Wilson, representing the American Federation of Government Employees [AFGE] local 1923 of Maryland.

Mr. WILSON. Senators, we thank you very much. I'm here representing the American Federation of Government Employees, General Committee of Soical Security Administration [SSA] Employees. Basically we represent all SSA employees across the country, and I'm here in John Gage's stead, who is the president of the local in Baltimore, local 1923.

As you know, from last year there was great concern concerning the potential for office closings and staffing reductions in SSA of approximately 17,006 employees by 1990. On March 17, the General Accounting Office [GAO] delivered a report to you and to the committee entitled "Actions and Plans to Reduce Agency Staff." In that report, the GAO examines the agency's systems enhancements and accompanying staff reductions and concludes that:

> Overall, SSA's tentative projections of savings from these initiatives may well not occur. Further, in many cases, it appears to us they may not produce the savings when or to the extent originally anticipated.

Most of the modernization to date has focused on the front end; taking the application and inputting it directly. Even the installation of the terminals, probably the most mechanical and easiest of the major parts of the modernization, has been postponed from September 1987 until November 1988. The real problems, however, are yet to come with the back end of the modernization, dealing with automated benefit adjustments, also called release III. Recently, the functional specifications for release III was sent for comments to the regional commissioners and other user components.

The comments were virtually unanimous in their disappointment. The regional commissioner from New York said, and I quote, "Our general reaction to release III was disappointment because it did not meet our expectations of the system redesign. In most respects, the specifications adequately define the modernized claims system [MCS] process * * *" and it goes on and on. There are other attachments included in the record as well.

Contract abuse, as you know, has plagued the modernization from the onset. Perhaps, hopefully, the scandals are over. But now the products of the contractors are coming in, and the products do not appear as the salesman promised. Failed contracts and delays are commonplace, especially concerning the crucial software.

GAO has also studied the modernization and a report is due this summer. And we're confident that their analysis will contribute to the conclusion that the modernization is not at all what it was said to be, and that it doesn't warrant the staffing ordered by the Office of Management and Budget [OMB] and being carried out by SSA.

Last year, you and the committee and the Congress appropriated, or provided for, 1,000 FTE's and $30 million over the President's budget request. Gramm-Rudman took all of that, along with temporary employees and substantial amounts of money for overtime, travel, and training.

Whether or not Gramm-Rudman occurs this fall, again, the agency is continuing to reduce staff according to the OMB's staffing reduction plan. Since the modernization is not picking up the slack, other expediencies are being taken to accommodate the cuts which, of course, impact on service delivery.

Reducing the assistance in developing claims given by district office personnel is one such expediency. Another is district office final authorization [DOFA], which supposedly will save 1,000 staff positions. DOFA, as it's commonly called, is being advertised as an efficiency. In fact, what it does is simply to dump the most complex, time-consuming cases on the claims representatives in the district offices to be worked without review, which is how they are currently worked in the payment centers and in central office, and finally authorizing in the district office. Error definitions have been radically changed and a cooked, 6-months' sample of a miniscule sample of cases was performed, providing the basis for the SSA to proclaim that DOFA will only have a limited impact on accuracy and will save 1,000 FTE's

Although GAO has been quite busy at SSA and continues to be, the severe impact of DOFA expansion on accuracy warrants an investigation by the GAO into the justification for DOFA, and we think congressional action to block implementation.

Expediencies such as DOFA only erode the public's confidence in Social Security. To safeguard this important program, to allow the modernization time to develop—and we are not opposed to the modernization; we are very concerned with the delivery of quality services to claimants and beneficiaries, and to maintain that, to break the cycle of indiscriminate staffing cuts, we request that the committee establish a personnel floor at least at the FTE figure, 77,349, agreed to in the 1985 appropriation. Without a personnel floor in this year's appropriations bill, staffing cuts and modernization setbacks will result in decreased service delivery to claimants and beneficiaries. Intent language, which is what we got last year finally after the conference, for additional money and FTE authority simply won't stop the arbitrary reductions being promulgated within SSA and required by the OMB.

Finally, the coming of a new commissioner adds another dimension to the current difficulties. The inevitable reorganization and senior level changes that historically accompany a new commissioner again argues for the need to go slow. Please consider our request to carefully look at the expediencies being taken to accommodate staffing cuts along with the current state of the modernization and their impact on service delivery.

Also, please provide the personnel floor at the 1985 levels to protect Social Security from administrative dismantlement and safeguard this fine program for future generations.

PREPARED STATEMENT

Thank you for the opportunity to deliver our comments to you and to your committee.

Senator WEICKER. Thank you very much, Mr. Wilson, we appreciate it.

[The statement follows:]

STATEMENT OF THE AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

On March 17 GAO delivered a report to Senator Weicker entitled "Actions and Plans to Reduce Agency Staff". In that report, GAO examines the Agency's systems enhancements and accompanying staff reductions and concludes that, "Overall, SSA's projections of savings from these initiatives are largely tentative, according to agency officials. Further, in many cases, it appears to us they may not produce the savings when or to the extent originally anticipated."

Most of the modernization to date has focused on the "front end". Taking the application and imputing it directly. Even the installation of the terminals, probably the most mechanical and easiest of the major parts of the modernization has been postponed from September 1987 until November 1988. The real problems, however, are yet to come with the "back end" of the modernization dealing with automated benefit adjustments, also called Release III. Recently the functional specifications for Release III were sent for comments to the Regional Commissioners and other user components.

The comments were virtually unanimous in their disappointment:

> The Regional Commissioner from NY said, "Our general reaction to Release III was disappointment because it did not meet our expectations of the system redesign. In most respects, the specifications adequately define a MCS process to replace the current caps/SSaccs capabilities, but these specifications simply duplicate the existing system with most of its current limitations and inadequacies."
>
> (Attachment II) From the Office of Central Operations. "The field is highly dissatisfied with the level of automation proposed for the MCS, not only with the back-end software replacing CAPS, but also with the

front end modernization of the application taking process, as well,."

(Attachment III) One other set of comments provides even more meaningful insight into the modernization:

"The proposed MCS backend needs substantial enhancement before it will meet user needs. We are reluctant to see the backend implemented before these improvements can be incorporated because of our experience with Release I."

Release I was a fast-track effort to bring up a set of title II Direct Access Data Entry claims screens in early 1985. To meet the time deadline, we had to make a number of compromises in the design and capabilities of the system. We were willing to accept these limitations at the time because an improved design was scheduled for implementation a few months later.

We still do not have that new frontend and will not until the of 1986. And correcting piecemeal the problems created by bringing up this prototype frontend has been a difficult task, both for the Office of Systems (OS) and for the users.

We have identified a number of enhancements needed before the software will be ready for national implementation. Most of these enhancements were identified by field users in the Model District Office or by the pilot office employees. These suggestions run the gamut from a few minor design problems, that currently cause as high as 17 percent of our claims to be excluded from MCS processing, to a large number of small glitches, that individually are only nuisances but which cumulatively make MCS very complex to learn and use.

In order to make the transition to an automated environment as stress-free for employees as possible, it is important that we make MCS as easy to learn as possible prior

> to our beginning training for national implementation in the December 1986 to January 1987 time period. However, the Office of Software Improvement and Engineering (OSIE) tells us that they simply cannot accommodate all approved changes in this timeframe because they lack the necessary resources--requirements writers and programmers.
>
> "Yet in spite of being unable to allocate sufficient resources to the task of cleaning up the frontend, OS is pressing to speed up the development of other program benefit areas..."

The documents from which these quotes are taken are attached for your review.

Contract abuse has plagued the modernization from the onset. Perhaps, hopefully, the scandals are over. But now the products of the contractors are coming in, and the products do not appear as the salesman promised. Failed contracts and delays are common place especially concerning the crucial software. GAO has also studied the modernization and a report is due this summer. I'm sure their analysis will contribute to the conclusion that the modernization is not all that it was said to be, and that it doesn't warrant the staffing reductions ordered by OMB and carried out by SSA.

Last year you appropriated 1000 FTE and $30 million over the Presidents Budget. Gramm-Rudman took all of it along with temporary employees, and substantial amounts of money for overtime, travel and training.

Whether or not Gramm-Rudman strikes again, the Agency is continuing to reduce staff according to the OMB staffing reduction plan. Since the modernization is not picking up the slack, other expediencies are being taken to accommodate the cuts which of course, impact on service delivery.

Reducing the assistance claims by district office personnel is one such expediency. Another is Direct Office Final

Authorization (DOFA) which will save 1000 FTE. DOFA is being advertised as an efficiency. What it does is simply dump the most complex time consuming cases on the claims rep in the D.O., to be worked without review and finally authorized in the D.O. Error definitions were radically changed and a cooked six-months study of a miniscal sample of cases performed, providing the basis for the SSA to proclaim that DOFA will have only a limited effect on accuracy and save 1000 FTE's.

Although GAO has been quite busy at SSA, the severe impact of DOFA expansion on accuracy warrants another venture by GAO into the justification for DOFA and congressional action to block implementation.

Such expediencies only erode the public confidence in Social Security. To safeguard this important program, to allow the modernization time to develop, to maintain service during this difficult transition period and to break the cycle of indiscriminate staffing cuts we wish the Committee to install a personnel floor at least at the FTE figure of 77,349 agreed to in the 1985 appropriations. Without the personnel floor included in the appropriations bill this year, the confrontation due to staffing cuts, modernization setbacks and decreased service delivery is inevitable. Intent language or additional money and FTE authority simply won't stop the arbitrary reductions being promulgated within SSA.

Finally, the coming of a new commissioner with obvious different philosophies adds another dimension to the current difficulties. The inevitable reorganization and senior level changes that historically accompany a new commissioner again argues for the need to go slow. Please consider our requests to carefully look at the expediencies being taken to accommodate staffing cuts along with the current state of the modernization and their impact on service delivery. Also please provide the personnel floor at 1985 levels to protect Social Security from administrative dismantlement and safeguard this fine program for future generations.

February 11, 1986

Regional Commissioner
New York

Field Review of Release III -- INFORMATION

Acting Director
Field Liaison and Support Staff

The functional specifications for the Modernized Claims System (MCS) Release III were reviewed by representatives from regional and field office staffs in the Atlanta, Chicago, and New York Regions. Our comments are based on the feedback from these workgroups and from the Field Liaison and Support Staff.

The 1986 ADP Plan describes the Title II Claims Modernization Project as follows:

> "This project involves a complete software redesign of those ADP operations which support the title II claims process. The redesign is intended to provide users with baseline documentation of the claims process, real-time data entry and validation capabilities and effective transaction control capability as well as standardized and highly automated computation, beneficiary notice generation and standardized free-form output capabilities. This project includes the CAPS claims improvements recommended by users. Implementation will occur in three phases."

This best describes the type of system that is needed by the field.

Our general reaction to Release III was disappointment because it did not meet our expectations of the system redesign. In most respects, the specifications adequately define a MCS process to replace the current CAPS/SSACCS capabilities, but these specifications simply duplicate the existing system with most of its current limitations and inadequacies. Although Release III eliminates CC (CAPS) batch traffic for MCS claims, and does provide more on-line processes, front and back-end concepts continue to exist. We are concerned that these limitations may constrain future upgrades. We question whether Release III, as currently defined, can be the foundation for a true on-line, interactive, and real-time system.

It was difficult to fully and accurately assess Release III because we as users do not have experience in reviewing functional specifications. The specifications did not contain much documentation about how the MCS system is going to operate, interact/interface or process data. The reviewers often had to refer to the CMP handbook and POMS to interpret many sections in the 23 volumes. Consequently, we believe that programmers may have trouble making the proper coding decisions unless additional background and procedural material are provided.

Furthermore, the Office of Systems needs to recognize that users' feedback is a dynamic process. Provision should be made to obtain and respond to additional users' concerns as the project progresses. (Provision should especially be made to allow the Regional Security Officers to make additional comments after they receive FOSE training in February.)

Our comments on the 23 volumes are contained in the attached material. In this memorandum, we have highlighted some of the major issues which we believe should be addressed.

MCS Operations

We did not find the data input screens for Release III to be user-friendly. For the most part, the CAPS methods of treating data are retained. As such, the screens still require extensive coding, similar to the data entry needed for form SSA-3687 (CAPS Clearance Form). Instead of coding, questions should be in English and the data should be derived by the system. Interviewers should be able to enter information, with the aid of programmed prompts, as it is logically obtained from the claimant. Furthermore, interviewers need the ability to move directly to any specified screen. Release III, as planned, will not help the field to reduce its leading sources of basic dollar and evidentiary errors.

This system encompasses over 70 interviewing, development, adjudication, clearance, and review screens. Response time for these screens will directly affect waiting, interviewing, and processing times. We are also concerned that if the entire MCS data base is housed in Baltimore, systems outages could severely hinder the field's operations. Finally, since the MCS must shut down every night to update the MBR, provision needs to be made that there is no interruption of service during normal working hours to SSA offices on the West Coast and Hawaii.

MCS should be designed to perform on-line, interactive, and eventually real-time processing of data. It should also perform automatic adjudicative interfaces, and on-line computations. We suggest that the title XVI system be studied for this purpose. The title XVI system is integrated and does not have a front or back-end. The SSR is established based on field input and an on-line query can be obtained prior to payment or denial to determine what data has been entered into the system. This capability should exist in some format for title II.

Computations

The specifications, as written, do not provide for on-line, automated computations. This facility is extremely valuable to the field. Although some of the CAPS limitations will be processed through MCS, others have been omitted for no apparent reason. For example, we do not understand why the system cannot be programmed to send the first check to an authorized representative, to split the lump sum among three claimants, or to withhold a prior overpayment from the first check. In Volume 11, we have expanded on other manualized and non-manualized CAPS exclusions which we believe should be automated in Release III.

Interfaces - OCRO and DDS'

The specifications for obtaining earnings information are still being formulated and were not included in the 23 volumes. Based on the other features of MCS, Release III does not seem to incorporate the use of an on-line earnings reference file (ERF). Earnings-related issues are often complex and time-consuming. The field has anxiously been awaiting the nationwide implementation of the on-line ERF query, which is now being piloted in Atlanta and Chicago. On-line earnings capabilities need to be integrated into the claims process.

Although the DDS', like other Paradyne equipped installations, will receive new terminals and be connected to the Data Communications Utility (DCU), no direct MCS access is provided for them. Instead, a convoluted interface through the SSI system is defined, using title II data derived from unchanged SSA-4648 input procedures. Interaction between field offices and DDS' should be fully automated in Release III.

Notices

In April 1985, all regions provided comments on the contents of the initial claims notices for CMP. These comments, which pertain to Volumes 19 and 20, are still applicable.

We are concerned about the notice issuance process, because Release III does not seem to be an enhancement. In certain situations, the field will still have to manually enter requested paragraphs, which because of the Notice Improvement Project have been converted to five digit numeric codes. Final notices will still be produced in an overnight batch mode upon claims completion. To aid the adjudicators in learning and coding proper paragraphs under MCS III, we have recommended the development of a "Help" screen.

Additionally, the field needs the capability to input free-format dictated language that can be incorporated by the system into the standard notice. This is particularly important in light of the recent decision to expand DOFA to all claims. Otherwise, the PSCs will still have to manually type notices when a special paragraph is needed.

Workload Measurement System (WMS)

In June 1985, the regions commented on the WMS for Release III. Those comments, as well as some additional ones that we discussed in Volume 18, need to be incorporated into the functional specifications. Furthermore, field office managers and regional office personnel in all regions completed an extensive survey last summer concerning management information requirements as part of the Management Information for Decisionmaking Project (MID). The specifications developed as part of the MID project should also be used in constructing the data specifications for MCS-FOSE.

Release III Implementation

We believe that the segmented, (i.e., certain retirement claims only) approach to implementation would have an adverse effect on all aspects of field operations. Release III is itself part of a planned phase-in of MCS. As such, in May 1987, some of our field offices will be operating with Release II software (already processing a full range of title II claims through MCS), others will be in the process of DCU and terminal installation, or in various stages of advance training and preparation for FOSE. Phasing in of Release III will create a need for additional training, development of specialized workflows, and multiple types of quality and security reviews.

We also do not see the advantage of converting only the "clean" retirement claims to MCS processing. If it is necessary to validate Release III, it should be done in designated pilot offices.

In our opinion, Release III contains inherent management information problems because MADCAP and other systems limitations which are not eliminated will be controlled by SSACCS. MCS claims will be controlled by the WMS. The specifications do not address how data for claims processed via existing payment processes and presently recorded on SSACCS will be combined with or incorporated into data produced by WMS. Unless an interface between MCS and WMS is established, statistics will be inconsistent, unreliable and often invalid. A phased-in implementation would make these management information conditions even more unacceptable, because all offices would have three methods of processing claims - MCS, CAPS, manual-MADCAP/EAM.

The optimal claims process requires a fully automated systems environment. Based upon our review of the functional specifications, Release III, as presently proposed, will not appreciably assist us in achieving this objective. Our comments address various concerns with Release III and are intended to make the system more responsive to the field's needs. We believe these concerns need to be considered before progressing further with the project.

In summary, we recognize the substantial amount of work and effort that is being made to institute a modernized claims system for SSA. However, we are concerned with what appears to us to be a fragmented approach to the various CMP endeavors. There are several projects (i.e., Release III Specifications, Program Benefits Lag Functional Requirements, Release II software changes, and other PE/MBR enhancements) that are running concurrently and have overlapping functions. We think that greater coordination of these activities could result in SSA's achieving a fully automated system in a more efficient, effective, and timely manner.

If your staff needs additional information or clarification about our review, please call Anne Coe of the Systems Branch at FTS-264-0253.

Peter P. DiSturco

FEB 20 1986

TO : Ruth A. Pierce

SUBJECT: OCO Comments on Functional Specification for Release 3 of the Modernized Claims System (MCS)--ACTION

Attached for your signature is a covering memorandum to Janice Warden transmitting OCO comments on the functional specifications for the release 3 software of the MCS. An advance copy of the comments was hand-carried to the Field Liaison and Support Staff (FLSS) so that they could prepare a covering memorandum from Herbert Doggette to Arthur Simermeyer in time to respond to Systems early next week. All of the copies will be printed for distribution after you sign the covering memorandum.

You might be interested in a copy of the covering memorandum transmitting the regional comments. The field is highly dissatisfied with the level of automation proposed for the MCS, not only with the back-end software replacing the Claims Automated Processing System, but also with the front-end modernization of the application taking process, as well. Because the MCS to date falls short of the modernization promised, FLSS is preparing a note to Herbert Doggette which proposes that he request Systems to concentrate on refining the front-end and making the back-end system more truly interactive and online before devoting resources to modernize other areas such as the supplemental security income and the postentitlement processes.

The first thing that needs to be done is to forward the attached comments. I would like to meet with you as soon as your schedule permits to discuss a strategy for pursuing further modernization initiatives.

George Failla

FEB 26 1985

TO : Mr. Herbert R. Doggette, Jr.

SUBJECT: Operations' Comments on the Claims Modernization Project/Field Office Systems Enhancement Release III Functional Specifications—INFORMATION

During the last 2 months, Operations' staff have been reviewing the 23 volumes of Release III functional specifications for the backend of the title II Modernized Claims System (MCS). The field review was headed by the New York Region, with Atlanta, Chicago, and the Field Liaison and Support Staff participating. Field comments are located at tab A.

The Office of Central Operations (OCO) also distributed the functional specifications to the processing centers and the Office of Central Records Operations for review. Their consolidated comments are located at tab B.

Our review has pinpointed a number of areas where Release III falls short of the kind of modernized system that we have been expecting. The regions and OCO have both expressed disappointment with the failure of Release III to significantly improve on the current Claims Automated Processing System (CAPS). We were aware that automation of Manual Adjustment, Credit and Award Processes (MADCAP) claims would not be available in the initial MCS backend. However, we did expect Release III to improve on a number of other CAPS limitations and inadequacies.

First of all, MCS should improve on the CAPS data input method. CAPS was designed in an era when claims representatives (CR's) took applications on paper. Data review technicians then converted this information into coding for keying into the computer. Now that the CR is entering the entire application into the computer, very little coding should be required. However, the Release III requirements fall short of accomplishing this goal.

From our review, it also appears that MCS fails to take full advantage of our new online data bases. MCS should directly interface with the Master Beneficiary Record, the Summary Earnings Record, and the Supplemental Security Record to derive data, such as prior periods of disability and cross-reference indicators, rather than have the user key in this information. The specifications do not include these interfaces.

In other areas, we were unable to determine whether the new process will meet our needs because information we needed to make an assessment was not included in the specifications. The biggest example of this is the earnings record interface. Without information on this process and additional information on the application-eligibility/entitlement interface, it is difficult to judge whether the full MCS will provide the kind of online, interactive claims system we have been expecting.

The proposed MCS backend needs substantial enhancement before it will meet user needs. We are reluctant to see the backend implemented before these improvements can be incorporated because of our experience with Release I.

Release I was a fast-track effort to bring up a set of title II Direct Access Data Entry claims screens in early 1985. To meet the time deadline, we had to make a number of compromises in the design and capabilities of the system. We were willing to accept these limitations at the time because an improved design was scheduled for implementation a few months later.

We still do not have that new frontend and will not until the end of 1986. And correcting piecemeal the problems created by bringing up this prototype frontend has been a difficult task, both for the Office of Systems (OS) and for the users.

We have identified a number of enhancements needed before the software will be ready for national implementation. Most of these enhancements were identified by field users in the Model District Office or by the pilot office employees. These suggestions run the gamut from a few minor design problems, that currently cause as high as 17 percent of our claims to be excluded from MCS processing, to a large number of small glitches, that individually are only nuisances but which cumulatively make MCS very complex to learn and use.

In order to make the transition to an automated environment as stress-free for employees as possible, it is important that we make MCS as easy to learn as possible prior to our beginning training for national implementation in the December 1986 to January 1987 time period. However, the Office of Software Improvement and Engineering (OSIE) tells us that they simply cannot accommodate all approved changes in this timeframe because they lack the necessary resources--requirements writers and programmers.

Yet in spite of being unable to allocate sufficient resources to the task of cleaning up the frontend, OS is pressing to speed up the development of other program benefit areas. A Systems group has already developed a set of preliminary Supplemental Security Income (SSI) application screens and, based on the limited information we have, hopes to have these ready for piloting in mid-1987. Systems has also suggested that they plan to take on development of the title II postentitlement (PE) frontend screens soon.

Meanwhile, another Systems component has just begun the task of developing functional requirements for these and the other program benefit LAG's. A team of contractors only recently began making yet another series of visits to the field to survey user needs before writing these requirements, due by the end of 1986.

To those of us outside of OS, all of this varied activity going on in different directions and at different paces is highly confusing. We are extremely skeptical that working on SSI claims and title II PE will not detract from our ability to deliver a quality title II claims system.

Given SSA's limited resources, we cannot afford to expend resources in counterproductive ways. Before proceeding further down these many paths, we need to step back and determine what the Agency's needs are and which modernization efforts will have the biggest payoff towards meeting those needs.

In our assessment, the first task should be to clean up the title II claims frontend before we begin training for national implementation. This will mean providing sufficient requirements writers and programmers to implement corrections and enhancements already submitted to OSIE and to respond to the feedback we gain from our Phase II pilot employees.

Secondly, we need to make certain that the design of the new title II backend provides a truly modernized claims system before we begin implementing it. If this requires delaying implementation of Release III to provide Systems with the time they need to modify and expand the specifications, then we must do so.

Thirdly, before SSA commits resources to other program benefit enhancements, we need to take a good look at where the biggest payoff is in providing systems support to our employees performing programs tasks. When the Operations Strategic Planning team looked at our needs, they determined that the title II PE backend should be this task. The title II backend is an enormous undertaking and certainly does not have the quick results for show that a much simpler task, such as the SSI claims frontend, has. But our decision on what to do next must be based on Agency needs, not ease of the task.

Beyond title II PE, focusing on the resource-intensive SSI redetermination process may also have a bigger payoff than building SSI initial claims screens.

Given the impact of program benefits modernization on Operations activities, we need substantial input into the decision of what tasks Systems should devote its resources to. Our goal should be to deliver a quality, truly modernized system to our employees. Incorporation of these comments into the title II claims backend before proceeding with its implementation will be a major step towards achieving systems modernization.

Janice L. Warden

STATEMENT OF ASHLEY BROWN, NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS; COMMISSIONER, OHIO PUBLIC UTILITIES COMMISSION

Senator WEICKER. Last on the Social Security Administration is Ashley Brown of the National Association of Regulatory Utility Commissioners. Mr. Brown is a commissioner of the Ohio Public Utilities Commission.

Mr. BROWN. Good morning, Mr. Chairman and Senator Burdick. My name is Ashley Brown and I am one of the commissioners of the Public Utilities Commission of Ohio. However, today I'm testifying on behalf of the National Association of Regulatory Utility Commissioners, commonly or affectionately known as NARUC. With me today is Phyllis Levine who is the NARUC assistant director of congressional relations.

Since many NARUC members regulate the utilities and protect the consumers who are affected by the Low Income Home Energy Assistance Act of 1981, commonly referred to as LIHEAP, the NARUC is vitally concerned with the future of the program and very much appreciates the opportunity today to testify and share our views. And my comments will be limited to appropriations for fiscal year 1987 for the LIHEAP Program, and I will be brief.

The LIHEAP Program is targeted toward relieving the burden of high utility bills of low-income persons, including the elderly and the handicapped. Funding for LIHEAP has consistently fallen short of the program's need, and we strongly urge the subcommittee to appropriate $2.5 billion to ensure sufficient funding to keep the program viable.

While LIHEAP funds do aid the poor with subsidies for their utility bills, more effort is needed to permanently reduce the need for the subsidy by increasing conservation efforts, such as the weatherization of buildings, or dwellings.

Two recent studies in Ohio indicate that the levels of consumption by poor consumers where it's higher than that of other customers—and it isn't always—is directly related to poor weatherization in their dwellings. While the national energy crisis might be taking a respite, inefficient consumption will inevitably lead right back to times of gasoline lines, oil rationing, and excessive prices. Today, just as in 1980, the only thing certain about the energy future is that it is uncertain and will be full of surprises.

LIHEAP should be furthering the national policy of conserving energy. In order to accomplish that goal while responding to local conditions, State and local authorities should be giving greater discretion in deciding the mix between paying bills and long-range conservation efforts, as they are the ones who have to deal directly with the problem.

NARUC applauds LIHEAP for assuring that the neediest households receive preference in the distribution of assistance, and is grateful for the 100-percent funding. But NARUC feels that the administration's recommended freeze at $2.1 billion is simply not sufficient to assure assistance for all who need it.

Just as a note—in Ohio, for instance, the overall arrearages are probably running on the order of $40 million a year, which ultimately get made up by other ratepayers.

In 1986, the appropriation of $2.1 billion has already been reduced due to cuts authorized by the Gramm-Rudman Deficit Reduction Act, and, therefore, many needy families are simply not getting their fair share of the assistance. Moreover, the energy burden of other consumers, as I noted in giving the Ohio example, will inevitably be increased to make up for these revenue inadequacies.

NARUC strongly opposes any effort to reduce congressional appropriations for this program because of money available from the oil overcharge fund. That money should be used to compensate consumers who overpaid and not for deficit reduction purposes.

Moreover, there's no guarantee that the States will use this money for LIHEAP, as the States have discretion to use it for a variety of programs. In fact, the administration has—and very unfortunately—recommended no funding for the Department of Energy's very successful home weatherization program known as HWAP, because of the availability of oil overcharge funds. Should that shortsighted recommendation be followed, it's likely that many of the States will simply apply their funds under the oil charge to weatherization, and any subsidy efforts will not get any additional funds.

In conclusion, NARUC respectfully urges the subcommittee to appropriate $2.5 billion to carry out the Low Income Energy Assistant Act of 1981. While that amount will still be insufficient to meet the need, NARUC does believe it's a reasonable compromise between needs and the financial restraints required to reduce the national budget deficit.

NARUC further urges the subcommittee to consider the long-term goals of energy conservation, and require a greater percentage of the appropriation to be used for conservation purposes rather than bill subsidies. A dollar spent on weatherization today will inevitably reduce the need for subsidies in the future.

PREPARED STATEMENTS

Mr. Chairman, Senator Burdick, thank you very much.

Senator WEICKER. Thank you very much, Mr. Brown. Your statement will be included in the record at this point along with other statements for the record on appropriations for the Social Security Administration.

[The statements follow:]

STATEMENT OF ASHLEY BROWN

Introduction

My name is Ashley Brown and I am a commissioner with the Ohio Public Utilities Commission. I am testifying today on behalf of the National Association of Regulatory Utility Commissioners, commonly referred to as the "NARUC". Accompanying me today is Phyllis B. Levine, NARUC Assistant Director of Congressional Relations.

The NARUC is a quasi-governmental nonprofit organization founded in 1889. Within our membership are the governmental agencies of the fifty States and the District of Columbia, Puerto Rico and the Virgin Islands engaged in the regulation of utilities and carriers. Our chief objective is to serve the public interest by seeking to improve the quality and effectiveness of government regulation.

The members of the NARUC greatly appreciate your invitation to address the Subcommittee on the Fiscal Year 1987 Appropriations for the U.S. Department of Health and Human Services. The NARUC is particularly interested in securing sufficient funding for the Low-Income Home Energy Assistance Act of 1981, (LIHEAP), 42 U.S.C. 8621-29, sections 2601-2611, commonly referred to as Title XXVI, since many of our members regulate the utilities who are affected by this legislation. This program is administered by the Department of Health and Human Services, and is targeted towards relieving the burden of high utility bills of low-income persons including the elderly and handicapped. Once the LIHEAP funds are distributed among 50 States, there is so little available per state that the the States usually are compelled to use 100% of the LIHEAP funding to pay utility bills rather than pursuing conservation measures such as weatherization. In fact, the recipients receive on average only enough to cover about 45 percent of their heating bills. Funding in LIHEAP has consistently fallen short of the program's need and we strongly support sufficient funding to ensure its continued viability.

Subsidies: Conservation vs. Energy Bills

As State Commissioners who regulate retail electric and natural gas rates, our members are continuously aware of the burden that increasing fuel costs impose on the consumers. We are especially mindful of the hardships these increases work on the poor and elderly. Escalating energy prices affect those least able to handle such increases: the poor and persons living on low fixed incomes. In addition, these people face the problem of spiraling summer electric bills as they try to cool their households. Extreme heat can pose as serious a threat as extreme cold.

To further exacerbate the problem of rising gas and electricity costs, there has been an overall reduction in the Nation's public assistance benefits. The poor and elderly find themselves with less income assistance and higher utility bills. As a result, they become delinquent in their payments. Their delayed payments may mean that other utility ratepayers must carry the increased burden imposed on a utility's cost of service. This makes the problem of adequate energy assistance for low-income households of concern to everyone.

The inability of low-income households to pay their utility bills has led to large numbers of disconnections of vital gas and electric service.[1] The number of disconnections is affected by a number of factors; the price of service, climate, prevailing economic conditions, cost of service, and a number of other items. Clearly, large numbers of disconnects pose a serious threat to public health and safety that simply cannot be ignored. The failure to appropriate public dollars in sufficient amounts to resolve the problem has compelled State regulators to take a variety of steps to protect low-income consumers. Those steps invariably bring with them costs which must be borne by other ratepayers. More importantly, no regulatory approach to the problem can ever be as economically efficient as a legislative solution. A failure by Congress to appropriate funds sufficient to remedy the problem, will, in the long run, cost Americans far more than will adequate public funding. In short, slashing energy assistance programs is a classic example of being penny wise and pound foolish.

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[1] NARUC Survey of Residential Gas Bills, Winter 1984-85, October 1, 1985; NARUC Survey of Electric and Natural Gas Utility Uncollectible Accounts and Service Disconnections of 1984, October 3, 1985.

The Use of Low-Income Home Energy Assistance Funds to Weatherize Dwellings of Low-Income Individuals

Energy Assistance for low-income customers, to be effective in the long run, must be more than simply a bill subsidy. Two recent studies in Ohio, one by the Public Utilities Commission of Ohio, and one by Dayton Power and Light, indicate that the energy consumption patterns of low-income households are no more wasteful than other ratepayers, except for the fact that they tend to live in more poorly weatherized housing units than the more affluent households. Thus, a program which only subsidizes bills brings with it no hope of ultimately reducing the burden the public must assume. It makes eminent sense, therefore, to make a substantially larger commitment of public dollars to weatherization and conservation. In the long term, that kind of investment will reduce the subsidy burden borne by the taxpayers and other ratepayers.

The use of LIHEAP funds for conservation measures needs to be sharply increased, especially in light of the Administration's request that no funds be appropriated for the Department of Energy's Weatherization Assistance Program. In fact, the mix between paying bills and putting in conservation measures should be decided at local option. Let those dealing directly with the problem employ their best strategy. This means State and local authorities should have greater discretion as to how much of their LIHEAP allotment should be used for conservation and for subsidizing payment of utility bills.

Strengths of the Low-Income Home Energy Assistance Block Grant and Program Areas that Need Further Development

In general, the most positive aspects of the Act are that it provides for:

1. One hundred percent (100%) Federal funding;
2. Flexibility for States to reserve funds for crisis intervention;
3. The coordination of LIHEAP activities with similar and related programs;
4. Assurances that the neediest households receive preference in the distribution of assistance;
5. Equal treatment for renters and homeowners and for persons in view of other criteria; and
6. Flexibility for States to hold up to twenty-five percent (25%) of their allotment for the current fiscal year for use in the following fiscal year.

Some areas needing further development or attention include provisions for:

1. Use of LIHEAP funds for weatherization and energy-related home repairs; and
2. Increased funding levels.

The law might be bolstered with provisions which show some sensitivity to the needs of moderate to middle-income households.

It is important to address the fundamental problem of high usage of energy. Low-income households tend to need weatherization or conservation measures most. However, as demonstrated by current program limitations, eighty-five percent (85%) or more of most States' assistance funds are used to pay energy bills, largely subsidizing over-consumption. Additional funding should be made available to be used for conservation measures. Conservation benefits the consumer, energy suppliers and the country as a whole.

The amount of funds authorized for LIHEAP remained constant at $ 2.1 billion for FY 1985 and FY 1986, but appropriations were subsequently reduced by Gramm-Rudman budget cuts. In FY

1987 the Administration is recommending a freeze at $ 2.1 billion. There are no provisions made for the effects of inflation; consequently, in real terms less money was made available to serve the same amount of people in the last three years of the program. Most reasonable forecasts predict higher energy costs for the near term. This means that without additional funding even more people will go without assistance.

Funding LIHEAP from the Petroleum Overcharge Restitution Fund

The NARUC opposes any attempt of supplanting congressional appropriations for LIHEAP with funds from the judgment in United States v. Exxon Corp., 773 F. 2d 1240 (TECA 1985), cert. denied, 54 U.S.L.W. 3499 (U.S. 1-28-86). Under this judgment, $2.1 billion will go to the States for distribution under one or more of five designated programs, one of which is the LIHEAP.

Oil overcharge funds should be applied in a way that remedies past injuries and not simply used to supplant congressional appropriations to fund ongoing Federal programs. In addition, since States have discretion over distribution of the money, there is no guarantee to low-income households that they will ever benefit from these funds. If the Oil Overcharge Fund is to be used as a funding source, then it should be used to supplement rather than supplant congressional appropriations.

CONCLUSION

There is a growing need to lower energy usage and the most efficient way to accomplish this is to use a greater percentage of LIHEAP funds for conservation measures. It is the position of NARUC that funds should be used to prevent energy waste rather than subsidizing energy bills of low-income households that result from over-consumption. NARUC also strongly opposes the funding of LIHEAP from the Petroleum Overcharge Restitution Fund.

The NARUC respectfully requests that $2.5 billion be appropriated for the LIHEAP program and that a greater portion of that appropriation be used for conservation measures.

Thank you for this opportunity to present our views.

STATEMENT OF THE NATIONAL COUNCIL OF SOCIAL SECURITY MANAGEMENT ASSOCIATIONS, INC.

Social Security administrative expenses are financed almost exclusively by Social Security taxes. During their working years Americans pay for not only their Social Security cash benefits but also for the cost of administering the program. The American public rightfully expects courteous, dignified, prompt, and accurate service from Social Security employees.

While our employees work hard to deliver the type of service the American public deserves, we still have areas where improvement is needed. Short-sighted cuts in SSA staffing levels will ultimately reduce public services and will prevent improvements where they are needed.

The proposed fiscal year 1987 staff cut of 3,000 SSA employees is unwarranted. SSA trust funds, which finance agency operations, are growing as is the beneficiary population which needs to be served. If these cuts are enacted, several problem areas are likely to arise:

1. The quality of SSA's correspondence with the public can be expected to decline. SSA's clerical employment was reduced by 1,942 (19%) from October 1982 to September 1984.[1] In a recent GAO survey, about 50% of clients who received mail contacted SSA to determine its meaning.[2] Since clerical staff prepare correspondence, a shortage of clericals may lead to a deterioration in the quality and readability of SSA's correspondence.

2. SSA's phone service can be expected to deteriorate. A recent GAO survey found that less than half of the people who call SSA got through on the first try, and 25 percent had to call three or more times.[2] A recent phone survey by the Senate Aging Committee revealed the quality of SSA's phone answers was below par. Continued decreases in staff will necessarily result in busier phone lines and will inhibit improving the quality of answers given to those who get through.

3. Waiting times in SSA offices can be expected to increase. GAO found about one in three visitors waited more than 30 minutes to be served.[2] Waiting times in several areas of the country are much worse than this. Reducing staff will only exacerbate existing problems.

4. Earnings postings problems will continue. The working public has a right to expect SSA to properly credit their account for work performed. While the speed with which SSA posts the bulk of earnings has improved, little progress has been made in crediting problem cases, many of which date back to 1978.

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[1] GAO Report, "Social Security--Actions and Plans to Reduce Agency Staff," March 1986

[2] GAO Report, "Social Security--Quality of Services Generally Rated High by Clients Sampled," January 1986

5. Recent law and regulations require SSA to resume reviewing the disability rolls. This review has been seriously curtailed this fiscal year because of budget constraints. This short-sighted delay actually costs the trust funds money as individuals who are no longer disabled continue to receive benefits.

Administering a program that pays over $200 billion a year in benefits is a serious business. An increase in benefit payment error rates of only 1/2 of 1 percent translates into $1 billion in erroneous payments. Staff cuts that increase error rates or reduce services to America's elderly and disabled must not be made.

STATEMENT OF ROSEMARY KOLDE, M.D., PRESIDENT, AMERICAN VOCATIONAL ASSOCIATION

Senator **WEICKER**. At this time, Senator Burdick will chair the committee for a short period of time while I go to the floor.

Senator **BURDICK** [presiding]. The next witness is Rosemary Kolde, president, American Vocational Association [AVA]. You may proceed.

Dr. **KOLDE**. Good morning. I'm Rosemary Kolde, associate superintendent of the Great Oaks Joint Vocational School District in Cincinnati, OH, and president of the American Vocational Association. I'm going to present to you this morning an executive summary of my testimony which will be presented to you for the record.

AVA is the primary association for 50,000 vocational educators who provide vocational education and job training in every community in the Nation. Today, I would like to make recommendations for fiscal 1987 appropriations for vocational education.

Vocational education affects the livelihood of 19.5 million vocational students in every community in this Nation. It is the primary system that provides the necessary bridge between school and the workplace. Vocational education has historically been funded by a strong Federal, State, and local partnership. The Federal dollar, driven by the Carl Perkins Vocational Education Act, is focused on assisting States in increasing access for special populations to quality vocational programs and assisting the States in improving, expanding, and initiating vocational programs.

While the Federal share is only $1 of every $10 funding vocational education, this minor share is important in providing incentives and leverage for States to address national priorities.

We in vocational education are concerned about the Federal share of our vocational education funds. We are concerned because the need for vocational education continues to increase, and we are concerned because this administration proposed to reduce the Federal share while we continue to face rising program costs. Since 1980, vocational funding on the Federal level has been reduced by 28 percent in real dollar terms. Even with the much needed supplemental appropriations passed by Congress in 1986, we still have a great many unmet needs.

The vocational community is recommending that vocational funding in fiscal 1987 be maintained at current services levels to allow our programs to keep up with the current costs of providing training and education.

Vocational education addresses a number of critical national issues. My testimony, which I am submitting for the record, will give you a brief overview of vocational education today, showing you how vocational education strengthens national defense, combats the dropout rate from our secondary schools, strengthens basic academic skills, trains and retrains adults displaced from their work, and promotes economic development in communities. These are all issues that we feel are important in 1986.

The AVA, on behalf of vocational education, is asking Congress to fund vocational education at a current services level for fiscal 1987. Without such Federal funding, States would be forced to cut back or eliminate many of their exemplary programs and program improvement initiatives, as well as reduce our services and programs to those at risk groups most in need of training and of jobs.

AVA reminds mindful of the fiscal restraints Congress is facing, but we feel that funding vocational education remains a core function of the Federal Government. We have spent our money wisely in the past and have made significant contributions to the well-being of the Nation.

PREPARED STATEMENT

The members and the leaders of AVA appreciate the support that has been given to vocational education and we are ready to work with you to find a way to fund vocational education again in fiscal 1987. Thank you.

Senator BURDICK. Thank you very much.

[The statement follows:]

STATEMENT OF ROSEMARY KOLDE

Good morning, Mr. Chairman, I am Rosemary Kolde, Associate Superintendent of the Great Oaks Joint Vocational School District in Cincinnati, Ohio, and President of the American Vocational Association (AVA). AVA is the primary professional association for 50,000 vocational educators who provide job training in every community in the nation.

I am pleased to have the opportunity today to appear before your subcommittee and make recommendations for fiscal 1987 appropriations for vocational education.

Vocational education, as a part of our public, tax-supported educational system, affects the livelihood of 19.5 million vocational students. There are 375,000 vocational teachers in 28,000 institutions located in every community in every state.

Vocational education, by its nature and the expectations placed upon it, is a complex enterprise. It is the primary system that provides the necessary bridge between school and the workplace. Specific technical preparation, basic academic skills as they relate to employment, and general employability skills are imparted to the vocational student whether he or she is taking a home economics course in Bowling Green, Kentucky, a quick-start adult training/retraining course in Pittsfield, Massachusetts, or a computer-aided drafting course in Wausau, Wisconsin. Vocational education is community-based and relevant to people's needs. Vocational education is a national resource.

Vocational education has historically been funded by a strong federal, state, and local partnership. The federal dollar, driven by the Carl Perkins Vocational Education Act, is focused on assisting states in increasing access for special populations to quality vocational programs and assisting states in improving, expanding, and initiating vocational programs. In addition to these basic programs, the Perkins Act provides support for consumer and homemaking education, cooperative programs with community-based organizations, bilingual vocational training programs, and national programs of research and assessment. While the federal share is only $1 of every $10 funding vocational education, this modest, marginal investment has been extremely successful in providing incentives and leverage for states to address national priorities in education and training.

We in vocational education are concerned about the federal share of vocational education funds. We are concerned because the need for vocational education continues to increase. We are concerned because this administration proposed to reduce the federal share and we are concerned because we continue to face rising program costs. Since fiscal year 1980, vocational funding on the federal level has been reduced by 28 percent in real dollar terms. Even given the much needed supplemental appropriations passed by Congress in fiscal 1985 and annualized in fiscal 1986, we still have unmet needs.

The vocational education community is recommending that vocational funding in fiscal 1987 be maintained at current services levels to allow vocational programs to keep up with the current costs of providing training and education.

THE RECOMMENDATION OF THE AMERICAN VOCATIONAL ASSOCIATION

Program	FY86 Appropriations	FY87 Current Services Level
Basic State Grants (Title II)	$782,381,000	$826,976,717
Community Based Organizations (Title III-A)	$7,500,000	$7,927,500
Consumer and Homemaking Education (Title III-B)	$31,633,000	$33,436,081
State Councils	$7,300,000	$7,716,100
Smith-Hughes Permanent Appropriations	$7,148,000	$7,148,000
National Programs	$10,000,000	$10,570,000
Bilingual Vocational Programs	$3,686,000	$3,896,102
TOTAL	$849,648,000	$897,670,500

NATIONAL PRIORITIES

How does vocational education contribute to the national well-being? How can we justify funding this program? Vocational education directly addresses a number of critical national concerns. Mr. Chairman, my statement will give you brief snapshots of the vocational enterprise in our country today — snapshots that, taken together, give a clear picture of how vocational education contributes to deficit reduction, strengthens national defense, combats the dropout rate from our secondary schools, strengthens basic academic skills as part of a job training program, trains and retrains adults displaced from their work, and promotes economic development in communities. These are the issues we in the vocational community feel are important in 1986.

DEFICIT REDUCTION

Vocational education reduces the federal deficit by increasing federal revenue and decreasing federal expenditures.

Vocational graduates earn more than non-vocational graduates (Suk Kang, 1985), are more likely to be employed (NAB/NCRVE, 1984), and thus, contribute more in taxes. In addition, quality vocational education programs can play a significant role in preventing dropouts from leaving school and adding to the government's unemployment and welfare payments. Hess and Lauber (1985) estimate that, in Chicago, for every $1 invested to combat the dropout problem, city taxpayers save $12.49. Part of that $1 investment supports services provided in vocational institutions.

Over the last six years, federal funding for vocational education has decreased by 28 percent in real dollar terms and vocational education's share of the federal budget has decreased 67 percent. The numbers tell a clear story. Vocational education is a cost effective program which has and will continue to contribute to deficit reduction.

NATIONAL DEFENSE

Approximately 750,000 vocational graduates each year choose to enter the military. The vocational programs they have taken provide them with technical knowledge, basic occupational skills, and leadership training — traits and employability characteristics that both employers and the military value. For instance, a recent study (Nunez and Russell, 1982) indicated that 85 percent of the employers surveyed preferred hiring vocational graduates rather than non-vocational graduates for jobs requiring less than a four-year degree. Those graduates are just as attractive to the military as they are to the private sector.

Vocational institutions also provide training to active and reserve military personnel along with National Guardsmen. The training they receive in vocational institutions enables them to operate and maintain the complex weapons they encounter in the military. Program improvement funds under the Perkins Act can support these activities.

For example, Clover Park Vocational-Technical Institute in Tacoma, Washington has, for the past 25 years, provided training to Army and Air Force personnel from nearby Fort Lewis and McChord Air Force Base. The training has covered such areas as supervisory management, airframe and powerplant maintenance, telephone installation and maintenance, automotive mechanics, and others. These programs have a dual purpose — to increase the technical proficiency of active military personnel and to prepare those individuals for further employment upon separation from military service. Thousands of military personnel, both Army and Air Force, have benefited from Clover Park's training programs.

DROPOUT PREVENTION

Our quality vocational programs and schools are central partners in an ongoing effort to combat dropouts. Secondary students drop out of school for a number of complicated, interrelated reasons — including pregnancy, marriage, employment outside of school, or disenchantment with school.

For whatever reason students drop out, the problem is urgent and growing. Thirty percent of the students entering high school do not graduate; in some urban areas, the figure is 40 or 50 percent. The costs to this country are staggering. Catterall (1985) estimates that at least $20 billion per year is lost because of the dropout problem through taxes, welfare, unemployment, and crime.

Just as clear is that vocational education and work experience, when utilized early enough and well enough, are, according to Lotto (1982), "powerful components" in the fight to prevent dropouts.

For instance, the GRADS program, a home economics program in Ohio, works with teenage parents to encourage them to complete their education. Resources are used to provide child care, child development and parenting information, and job counseling. Nationwide, the dropout rate for teenage parents, according to the National Center for Education Statistics, is 80 percent. Over 88 percent of the participants in the GRADS program graduate from high school.

What works best with dropouts, according to Weber (1986), is a combination of vocational instruction, work experience/job placement, job counseling, support services, basic skills instruction, and parental involvement. These are components of quality vocational education programs.

It makes sense to fund the Carl Perkins Vocational Education Act to help states address the dropout program through their vocational education programs.

BASIC SKILLS

Quality vocational education, whether it is targeted to dropouts or other secondary students, provides a meaningful setting for strengthening critical basic academic skills. This instruction is directly related to the occupational training and employment preparation received by the vocational student. Results from a recent study (Weber, 1986) demonstrate that vocational students' rate of achievement equals or surpasses the rate of achievement for students in the general education track in five of seven basic areas of academic skills. This is most impressive because it clearly indicates that a host of related subject areas, including basic remedial education, are integral to the vocational curriculum.

ADULT TRAINING & RETRAINING

Vocational education programs in many states are being called upon to meet the training and retraining needs of adults. Today's workplace is rapidly changing. An 18-year-old can expect to hold a minimum of 10 jobs and switch careers four or five times before retirement. At the same time, the Baby Boom generation, the 70 million people born between 1945 and 1960, is in the midst of its prime earning and learning years. They too are switching jobs and careers and need job training. People who have traditionally not been in the American workforce are entering the job market at an increasing rate. By the year 2000, women will constitute over half the nation's blue-collar workforce, and 60 percent of all adult women will be in the job market.

The very nature of the jobs people hold is quickly being transformed by the introduction of advanced technologies and the rising dominance of the service sector in the American economy. This economic transformation will result in dramatic growth in jobs requiring relatively low skills along with a corresponding growth in jobs requiring complex, highly developed skills. The semi-skilled jobs that have traditionally been the backbone of the service industry will be drastically reduced.

Two million workers are now the obsolete remnants of our once prosperous manufacturing industries. The National Commission on Industrial Innovation estimates that, without the necessary training, another two to three million workers will be dislocated before the end of the decade. There is a clear responsibility to provide those workers with the training and education they will need to remain gainfully employed — precisely the type of training that can be successfully offered by this nation's vocational institutions.

It makes sense to fund the Carl Perkins Act to ensure that our primary job training delivery system stays strong and that the signal is not sent to the states that the federal government is unwilling to meet the training needs of youth and adults.

SUMMARY

When we talk about vocational education's ability to reduce the budget deficit, train and retrain adults, strengthen basic skills, reduce the dropout rate, and contribute to our national defense, we are really focusing on vocational education's ability to stimulate economic growth and development through its successful development of employability skills.

New research has shown that vocational education leads to long-term positive benefits in terms of graduates' earnings and productivity. A joint study by the National Alliance of Business and the Ohio State University found that new employees with relevant vocational education

- were 6.5 percent more productive compared to non-vocational graduates 36 months after being hired,
- required 20 percent less formal on-the-job training,
- had higher wage rates, and
- increased the firm's output and reduced training costs by considerably more than additional wages paid.

According to a 1985 study (Campbell and Basinger), vocational graduates continue to enjoy significant advantages in hourly and monthly earnings up to seven years after high school graduation, compared to students in general education.

Mr. Chairman, employers recognize the contribution vocational graduates can bring to their companies. For example, more than 800,000 individuals employed by private sector corporations volunteer to advise vocational programs.

Mr. Chairman, it is of primary importance to maintain the federal partnership in vocational education. These programs contribute to a strong national defense. They make a significant contribution towards helping prevent dropouts and serve teenage parents. Initiatives at the state and local level to train and retrain adults and increase the economic development of this country are dependent on vocational education. They must be continued.

The American Vocational Association, on behalf of the vocational education enterprise, is asking Congress to fund vocational education at a current services level for fiscal 1987. The federal, state, and local partnership that has supported vocational education since 1917 is, Mr. Chairman, often likened to a three-legged table. If one of the legs is shortened, or removed, then the whole table might topple. The argument put forth that the federal role is insignificant is unconvincing. We know that states will be hard pressed to continue vocational services in the absence of federal support.

The American Vocational Association has found in a recent survey that without federal funding, states would be forced to cut back or eliminate career guidance and counseling, wipe out many exemplary programs like the GRADS program in Ohio, halt or curtail critical program improvement initiatives, eliminate many consumer and homemaking education programs, and reduce services and programs for those at-risk groups most in need of training and jobs.

Mr. Chairman, while AVA remains mindful of the fiscal restraints Congress is facing, we feel that funding vocational education remains a core function of the federal government. Our members have been faithful stewards of these funds and with them have made significant contributions to the well-being of our nation.

The members and leaders of AVA appreciate the support you have given vocational education and we stand ready to work with you to fund vocational education in fiscal 1987.

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STATEMENT OF LaDONNA ELHARDT, COALITION FOR VOCATIONAL HOME ECONOMICS EDUCATION ORGANIZATIONS

Senator BURDICK. Our next witness is LaDonna Elhardt, member of the Coalition for Vocational Home Economics Education. I am happy to present Mrs. LaDonna Elhardt. Mrs. Elhardt is a native North Dakotan, born and raised on a farm in western North Dakota. Mrs. Elhardt has her master's degree in education and for the last 18 years has been a home economics teacher at Minot High School in Minot, ND. Speaking on behalf of the Coalition of Vocational Home Economics, Mrs. Elhardt is going to give us the rundown on consumer and homemaking education [C&HE]. Mrs. Elhardt.

Ms. ELHARDT. Thank you, Mr. Chairman and subcommittee members. As you've heard, I am LaDonna Elhardt, a home economics teacher at Magic City Campus High School in Minot, ND. I am representing the Coalition for Home Economics Education Organizations, and it is my pleasure to be here and to report on the portion of vocational education that I know best; consumer and homemaking education.

I want to tell you from my own experience what works in schools like mine and how teachers like myself use the Federal seed money that you appropriate each year.

Consumer and homemaking education prepares males and females for their roles as homemakers and parents in the marketplace we call home. This is a very simplistic way of sharing with you why I believe that consumer and homemaking education always has been and must continue to be a vital part of vocational education. No occupation requires more complex training than that of being an effective parent and a family member.

Today I would like to share with you some ways we teachers in North Dakota help 9,836 students in 140 schools develop consumer and homemaking knowledge and skills. I'll start with the far west, Williston, ND, where students enrolled in a course called Family Living and Parenting undertake a comprehensive project to develop communication, leadership, and coping skills.

This is how it works. Students are given a choice of 30 different family crisis situations. These include death, bankruptcy, teen suicide, job loss and transfer, drugs and alcohol, having a handicapped child or parent in the home. Resource persons are interviewed and professionals who deal with these issues bring information to the class. The information is factual and it's real.

This same class has a panel of single parents and a physician tell them the risks of early parenthood and teenage pregnancy. Last year in North Dakota alone, there were 1,254 births out of wedlock; 36 percent of these were to teenagers. It works to have parents share with their classmates how pregnancy alters their lifestyle and increases their limitations.

This type of teaching is needed. Consumer and homemaking education is a preventative program rather than a remedial one. The farm and oil crisis in our State has led many classroom teachers to incorporate wellness education into their regular classroom. In the town of New England, students developed and distributed media to help others know the danger of overstress and some basic coping skills for everyone to use. A greater effort should be made to reach all teenagers and parents and to prepare them for total education, because the basics of math, science, and language arts are not sufficient to develop skills for living in this world today.

In my own school in Minot, students in a class called Independent Living use the community as the means for developing their analytical thinking, as they determine the best buy at the grocery store, the used car lot, the clothing store, the health unit, and the bank. They learn how to ask the right questions, and they become informed citizens in their community.

In Belfield, the Future Homemakers of America have joined 350,000 future homemakers across the country to deal with issues that are related to families in the future. Their concern was the effect of divorce on the family. They gather information about change and how it affects family members. These activities work to help students face change in their everyday life.

There are several schools that have students volunteer to work with the handicapped and the elderly. They gain an appreciation of their heritage, along with a better understanding of the elderly and the handicapped.

The computer has also become an important part of the consumer and homemaking classroom. In Independent and Family Living classes, we use the computer to plan budgets. Students design and analyze a budget which is based on realistic goals and aspirations. They see what happens when the budget isn't in balance and when credit cards are misused. Students are motivated and want to learn means of preventing financial difficulties in their lives.

This happens in nutrition and foods classes, too, where students see the relationship of good eating to health and work, and that even though we're living in an age of technology, their values still influence the way they assume responsibility for their body and mind.

Consumer and homemaking education is working in North Dakota and it's working in your States, too. As a final example, I would like to share with you at least one State that has an excellent program to keep teen parents in school. An 8-year study revealed that through consumer and homemaking parent-child centers in Connecticut, the teen graduation rate has increased to 24 percent higher than the national average of students 17 years and younger with children. Not only has the graduation rate increased, but attendance rate, too. And when students are in school, they can learn.

Einstein had three rules for work. He said, "Out of clutter you find simplicity; from discord you make harmony, and in the middle of difficulty, there's opportunity." It may indeed appear as though I have shared with you a clutter of concepts and techniques all under the heading of consumer and homemaking education. Th simplicity of it all is found in the fact that the family is the major focus. If the family system does not function, then other systems such as business and formal education will break down.

As we have searched for excellence in education, there has been discord over what is or is not important. We have experienced change and unrest, and we are realizing that for excellence in education we must all work together. Only with a strong educational system can we build and maintain a strong nation. The educational system must include consumer and homemaking skills.

Therefore, today I'm urging you to reject the President's proposal and continue funding consumer and homemaking for fiscal year 1987 as a line item in the Carl D. Perkins Vocational Education Act. All of us in the home economics profession appreciate your concern for our programs in the past, and we thank you for your support.

And I personally appreciate the opportunity to share with you how your support works in our State of North Dakota. And for the 5 million students throughout this great country of ours. Thank you.

PREPARED STATEMENT

Senator BURDICK. Thank you. We will insert your statement in the record.

[The statement follows:]

Statement of LaDonna Elhardt

My name is LaDonna Elhardt, and I am a home economics teacher at Minot High School in Minot, North Dakota. I am here representing the Coalition for Home Economics Professional Associations, which has a combined membership of 70,000 individuals from the American Vocational Association (AVA), the American Home Economics Association (AHEA), and the Home Economics Education Association (HEEA).

It is my pleasure to be here and to report on that particular portion of vocational education that I know best—Consumer and Homemaking Education. I want to give you examples of how home economics teachers like myself use the Federal "seed money" that you appropriate each year for Consumer and Homemaking Education under Title III, Part B of the Carl D. Perkins Vocational Education Act of 1984 (PL 98-524). I want to tell you from my own experience "what works" in schools like mine and, of course, to urge you to continue to fund the development of programs like mine for schools all over the country.

Consumer and Homemaking Education prepares males and females for their roles as homemakers and parents in the marketplace called "home." This is a very simplistic way of sharing with you why I, as a classroom teacher, believe that Consumer and Homemaking Education always has been and must continue to be a vital part of vocational education. No occupation requires more complex training than that of being an effective parent and family member, whether living in a dual or single parent family. No occupation is more significant in maintaining the stability of our nation than that of the family.

Today, I would like to share with you some ways Consumer and Homemaking Education secondary teachers in my home state of North Dakota help 9,836 students develop knowledge and skills that contribute to meaningful family relations. One might refer to these as "learning techniques that work."

In Williston, North Dakota, students enrolled in a Consumer and Homemaking Education course called "Family Living and Parenting", undertake a comprehensive project which develops their communication, leadership, and coping skills. This is how it works. Students are given a choice of 30 different family crisis situations. These include death, bankruptcy, teenage pregnancy, job loss and transfer, drugs and alcohol, and/or having a handicapped child or parent in the home. Resource persons are interviewed who have experienced these crises in their lives and professionals who deal with crises bring information to the class. The information is factual and real. It works to help students understand how to cope and where to go for help should these crises occur in their lives.

This same class has a panel of single parents and a physician tell them the risks of early parenthood and teenage pregnancy. For example, a medical intern from the University of North Dakota provides them with information about medical complications of teen pregnancy, including the fact that there is a surging increase in uterine and cervical cancers among teenagers, that is is attributed to engaging in sexual intercourse at an early age. A single parent shares how she has to struggle to live on $490 a month received from AID to Depended Children. She must pay for her needs, plus the needs of her child while continuing to go to school in order to receive this financial support. She said that often they are forced to share an apartment with another single parent to make ends meet. She, along with 60% of all teenage parents, depend on the welfare system for their existence. A student of mine recently said, "I love my son but I wish my timing had been better. Had I been able to communicate with my parents or had I had this type of education earlier, I probably wouldn't be struggling the way I am today to make something out of myself." This type of teaching works and is needed.

Last year in North Dakota alone there were 1,254 births out of wedlock. Thirty-six percent were teenage pregnancies and in my county alone there were 45 teenage pregnancies. Teenagers are interested and they listen both to the medical facts and to the single parent classmates who share how pregnancy altered their lifestyles and increased their limitations; how they thought they were in love, and how their relationships with family and friends were strained rather than strengthened due to a baby in their lives.

Consumer and Homemaking Education is an educational program designed to help individuals avoid major crises. Therefore, it is a preventive program rather than a remedial one. A greater effort should be made to reach all teenagers and parents, and to prepare them with a total education because the basics of math, science, and language arts are not sufficient to develop skills for living.

For example, the farm crisis and the oil crisis have led many classroom teachers to incorporate wellness education into their regular curriculum. Wellness education deals with developing management skills which will enable family members to cope with stress. Students may develop and practice problem-solving using a realistic approach. They gain an understanding of how the body and mind relate. In the town of New England, North Dakota, students developed media to help others know the danger of over-stress, where to go for help, and some basic coping skills everyone can use. These have been distributed in grocery stores and at medical centers.

A Consumer and Homemaking Education teacher from Beulah, North Dakota, shared with me what works in teaching "housing." She divides the students (males and females) into family units, each having an income appropriate for one of the occupations available in their local community. They visit a realtor who takes them on a home-buying tour where they evaluate and match homes with income, values and goals. They then proceed to the bank where a financial consultant helps them fill out the necessary mortgage and contract forms. They are involved in figuring interest rates and costs. Some discover that they cannot receive a loan because of too little income. They then return to step one of the decision-making process and seek other alternatives. This kind of education is reality based. The basics of math and communications are reinforced in this process. Conceptual learning becomes realistic learning. Males and females see how they must work together to make decisions. They realize more clearly why more women are working outside the home to provide for, not supplement, the family's needs. Student also learn to cooperate and work in harmony, rather than conflict.

In my own school in Minot, students in the Consumer and Homemaking Education class called "Independent Living" (a class consisting of more than 50% males) use the community as a classroom. They go on a field trip to a supermarket where a manager tells them that his job has become more challenging today because they, as consumers, are better informed. They are aware of what to look for, how to compare prices, read labels, and recognize advertising gimmicks. Students at the store use analytical thinking as they determine the best buy for their money. The same holds true at the clothing store, the new and used car lot, the appliance center, the health unit, and the bank. Students develop self-confidence, they learn how to ask the right questions, they develop respect and assertiveness, and they become informed citizens in their community.

In Belfield, North Dakota, Future Homemakers of America (FHA), the student organization for Consumer and Homemaking Education, are concerned about the effects of divorce on the family. Students gathered information and arranged a mock child custody trial. They shared with the group comments from FHA members across the country about divorce and changes that go with divorce. A teenager from Fort Madison, Iowa, made this comment, "Sometimes people can be so insensitive, because they don't know what you're going through. They just pity you and you don't need that. Changes occur and my relationship with my Mom got better. We talk about all kinds of things now, and I think I've become more understanding. I try to put myself in the other person's place."

Three hundred-fifty thousand Future Homemakers across the country deal with issues related to families and the future. They deal with change in a positive way, realizing that over 13.5 million children under 18 live in single parent homes and that by 1990, only 70% of all children will live in two-parent homes. Twenty-five percent will be step-families, many the result of a divorce. Consumer and Homemaking Education and the Future Homemakers of America are helping students face the challenge of changes that occur within families.

In New Salem, North Dakota, Consumer and Homemaking Education students volunteer to work with the handicapped and elderly at a local nursing and retirement home. This helps students observe, understand, and develop friendships with the elderly and the handicapped. As teenagers become parents, many of them will find their parents or perhaps grandparents returning to live with the family due to an extended lifespan and less income on which to live. Family harmony becomes even more critical. It works to have peers educate peers and adults and vice versa. Students gain more of an appreciation of their heritage from visiting with the elderly.

The computer has become an important tool in many Consumer and Homemaking Education programs in recent years. I want to share with you some ways we use it in our department in Minot, where we have 393 students enrolled. Students in my Independent Living and Family Living class use the computer to plan family budgets. They plan a budget for themselves today, and one which they feel might be relevant for them five years from now, based on goals and aspirations that are realistic. The need for this kind of educational experience was confirmed by a financial consultant from a local credit union who told our students that they consult with 300 young couples of the Minot region who are experiencing financial difficulty. These couples report that the major cause of their problems was too little knowledge about budgeting and the misuse of credit cards. Students listen and they are concerned. They want to learn.

In nutrition and foods, we have Consumer and Homemaking Education students analyze their daily eating patterns, including the many meals eaten at fast food establishments, and compute their nutritional value. They see which nutrients are deficient and learn about health complications that are likely to result, including anorexia, bulima, and anemia. They see the relationship of good eating to health and work. They also see that, even though we are living in an age of technology, their values still influence the way they assume responsibility for care of their bodies and minds. The computer project helps them better understand the importance of a healthy body, and the teacher helps them understand how it relates to having a healthy nation. It works!

Computers for classroom use have been purchased using Consumer and Homemaking Education funds. They are working to teach home management, including record and file keeping. Students also learn about careers and techniques in job interviewing and letter writing. Teachers are using computers to enhance creativity and manage their recordkeeping. These students can see that the computer can be a means for effective management in the home. They understand the prediction that within the next ten years, the computer will become a major appliance in most of our homes.

Consumer and Homemaking Education is vocational education. It is working in North Dakota and in your states, too. As an example, I would like to cite at least one state that has an excellent program to help keep teen parents in school. An eight year study revealed that through Consumer and Homemaking Parent-Child Centers in the schools in Hartford, Connecticut, the teen-parent graduation rate has increased to a rate 24% higher than the national average for students 17 years and younger with children. Not only has the graduation rate increased, but the school attendance rate for these students has been the same as that for the general student population. When students are in school, they have the opportunity to learn. Consumer and Homemaking Education works because it offers a solution and an alternative for teenage parents.

Henry Ford once said that "Thinking is the hardest work there is, which is probably why so few engage in it." Aside from teaching basic concepts, I feel this is the most important contribution I give to my students. From the first day, they know that my purpose is to teach them to think and be able to make decisions regarding situations they will encounter throughout life. By learning problem-solving skills, students of all abilities can be taught to make decisions or where to go for answers. Continuation of funding for Consumer and Homemaking Education is crucial because it will affect the lives of millions of students currently enrolled in Consumer and Homemaking Education courses across the nation. They deserve a total education.

Einstein had three rules of work. They were (a) out of clutter find simplicity; (b) from discord make harmony; and (c) in the middle of difficulty lies opportunity. It may indeed appear that I have shared with you a clutter of concepts and techniques, all under the heading of Consumer and Homemaking Education. The simplicity of it all is found in the fact that the family is the major focus, just as it is the major institution of society for socializing and educating the young. If the family system does not function, then other systems such as business and formal education will break down.

As we have searched for excellence in education, there has been discord over what is or is not important. We have experienced change and unrest, and we are realizing that for education to be effective, we must work together. Only with a strong educational system can we build and maintain a strong nation. That educational system must also provide consumer and homemaking skills. "Deft hands are useless without a deft brain and a deft brain is equally useless if it can't function in the real world." (Author unknown)

The President's proposed budget for FY '87 places funding for Consumer and Homemaking Education programs in jeopardy. The budget proposes two things. It repeats last year's request (which you rejected) that line item funding for Consumer and Homemaking Education under the Perkins Vocational Education Act be ceased and that funds be folded into basic vocational grants to the states (Title II of the Perkins Act). The budget proposal for FY '87 also would reduce by over 50% the funds it assigns for these basic grants. Quite clearly, this approach would mean the end to the programs I have just described, as well as those like them in all 50 states.

I urge you to reject these proposals and continue funding Consumer and Homemaking Education for FY '87 as a line item in the Carl D. Perkins Vocational Education Act. All of us in the home economics profession appreciate your concern for our programs in the past, and we thank you for your support. I personally appreciate the opportunity to share with you this morning some examples of how your support translates into useful programs for life skills for students in my state of North Dakota and for millions of others throughout this great country.

Senator BURDICK. How many consumer and homemaking education programs do we have in North Dakota, and how many are federally funded?

Ms. ELHARDT. We have 140 programs, and 106 of those programs are funded through State funds, and 34 of those programs are funded entirely with Federal funds.

Senator BURDICK. Now, if there's a consolidation of these programs at the Federal level, what will happen to them in North Dakota?

Ms. ELHARDT. Well, Senator Burdick, just the day before I left there was a notice in our paper that the Governor has requested a 6-percent cut across the board from all State agencies, and without our Federal funds it is quite certain that those programs would have to be eliminated. And not only would those programs have to be eliminated, a lot of other services that are provided for teachers in order that they, too, can cope and keep up to date with changes and technology, would be eliminated. And that would definitely affect our excellence in our teaching.

Senator BURDICK. What percentage of the students participate in programs like this?

Ms. ELHARDT. Percentage of students? In our vocationally funded programs, currently 33 percent of the students are enrolled in consumer and homemaking classes in those 140 schools. And of that percentage, 28 percent are males.

Senator BURDICK. The administration wants Congress to put funding for consumer and homemaking education together with the funding for State grants for vocational education. Why should we continue separate line item funding for consumer and homemaking education?

Ms. ELHARDT. I would hope that through my testimony—and I know you, Senator Burdick understand—the things that we do teach in consumer and homemaking. We need to have that line item funding to assure that our students get those things that they need for the family because there is no other area of vocational education that prepares students to be effective family members.

Senator BURDICK. What will happen if we don't have a line item?

Ms. ELHARDT. Well, that's unforeseeable, but I would say that in many of our States consumer and homemaking would suffer severely because there's only so much money to distribute in the pot, and we'll only have a little bit for many programs.

Senator BURDICK. The President suggests that States can pick up the slack that you refer to, resulting from decreased Federal funding for vocational education and for consumer and homemaking education. Do you think that North Dakota and the other States are in a position to raise sufficient State funds to make up for this shortfall in Federal funding?

Ms. ELHARDT. I do not. Not when we are suffering the farm crisis and the oil crisis that we currently are. There's a push afoot to raise taxes, but raising taxes I don't feel would fulfill the purpose.

Senator BURDICK. Well, thank you very much.

STATEMENT OF EDWARD R. KEALY, PH.D., DIRECTOR, FEDERAL PROGRAMS, NATIONAL SCHOOL BOARDS ASSOCIATION

Senator BURDICK. Our next witness will be Edward R. Kealy, Ph.D., director, Federal programs, National School Boards Association [NSBA]. Welcome to the committee.

Mr. KEALY. Thank you, Senator. I am Edward R. Kealy, director, Federal programs of the National School Boards Association, and I am testifying on behalf of Nellie C. Weil, our president, who could not be with us today.

NSBA represents over 95,000 school board members across the Nation. Since 1980, Federal programs have been reduced through cuts, freezes, and inflation for education. NSBA believes that fiscal year 1987 is the year when this disheartening pattern should stop.

By adding $2.2 billion for education above a freeze level, the Senate has strongly indicated in its fiscal year 1987 budget resolution that education must be treated as a national priority in the budget, along with reducing the deficit. Last week, the House Budget Committee also adopted a budget that adds significant resources for funding high priority education programs above current service levels.

NSBA, therefore, urges this subcommittee to adopt a funding policy which at least maintains all education programs at a pre-Gramm-Rudman current services level in fiscal year 1987, and provides additional resources to make up for the decline in services for the disadvantaged and handicapped since 1980.

We are concerned that without such a policy, the long-term decline in Federal funding for education since 1980 will make it impossible for local school boards to maintain quality educational services.

We appreciate the subcommittee's past efforts to maintain adequate funding levels for education, despite deficit reduction pressures. Viewed over 6 years, however, we believe education has made its contribution to deficit reduction, especially since other portions of the budget have grown significantly. Placed in context, the budget for elementary and secondary education was $7.4 billion in fiscal year 1980, an amount greater than this year's postsequestration level of $7.3 billion. And with inflation rates averaging 5.9 percent since 1980, a freeze for fiscal year 1987 actually represents a 35-percent cut in Federal education funding.

The proportion of the Federal budget devoted to elementary and secondary education programs has dwindled from 1.1 percent to less than seven-tenths of 1 percent since 1980; a sharp decline of 40 percent. This shrinking share of the Federal budget clearly shows education's decline as a priority in the Nation's budget.

The House and Senate has wisely rejected the administration's budget request, and the fallacious argument that State and local government can absorb reduction~~s in~~ Federal education expenditures. Clearly many States and local communities, including those affected by the dramatic drop in oil prices, the escalating farm crisis, losses in manufacturing are finding it difficult to maintain their current commitments to education, much less make up for reductions in Federal spending. Indeed, many are planning to cut their budgets for next year due to poor economic conditions.

I'd like to highlight several specific funding recommendations. The chapter 1 program, the largest Federal education program, is universally recognized as an enormously effective program serving 4.8 million disadvantaged students nationwide. Unfortunately, at the very time when the number of poor children is increasing dramatically in many local communities, chapter 1 has been subject to a freeze and then a Gramm-Rudman sequester of $159 million. The Nation cannot afford this atrophy in chapter 1 services.

We urge the subcommittee to appropriate sufficient funds to allow schools to serve again some of the hundreds of thousands of students that have been cut off from this program.

With regards to education for the handicapped, Public Law 94-142 authorizes the Federal Government to cover 40 percent of the excess costs of the mandate to educate the handicapped. Its share never rose above 12 percent and currently is only at 9 percent. Local school boards, and we believe this subcommittee believes, that this trend to abandon the Federal obligation must end. We urge the committee to appropriate sufficient funds needed to increase the Federal share to at least 10 percent of the excess costs in fiscal year 1987.

The administration's proposal to cut funding for the Perkins Vocational Education Act in half is based on the rationale that vocational education is not effective and detracts from academic preparation. NSBA strongly disapproves of this attitude. It is precisely those funds which the Secretary wants to eliminate, funds for program improvement and innovation, that are necessary to retool and upgrade programs to meet future job market needs in local communities.

NSBA recommends additional funds to maintain vocational and adult education at current service levels.

In our testimony, in summary, we have not asked the subcommittee to make unrealistic increases in education funding; rather, we have asked that the subcommittee take the first necessary steps to reverse a destructive trend of cuts and freezes in education funding. As locally elected and appointed officials, NSBA members believe the Nation truly supports a higher priority for education in the Federal budget.

PREPARED STATEMENT

On behalf of NSBA, I wish to thank the subcommittee for the opportunity to testify today.

Senator Burdick. Thank you very much.

[The statement follows:]

STATEMENT OF THE NATIONAL SCHOOL BOARDS ASSOCIATION

Introduction

I am Nellie C. Weil, President of the National School Boards Association -- (NSBA). I am pleased that we can submit this testimony on education appropriations for Fiscal Year 1987 to the Subcommittee. NSBA represents over 95,000 school board members across the nation who are responsible for the education of more than 95% of the nation's public school children.

Most school board members are elected public officials who are politically accountable to their constituents for both education policy and fiscal management. As unsalaried lay persons, school board members are able to judge legislative programs purely from the standpoint of public education without consideration to their personal professional interest.

I. Overview

Since 1980, local school boards have seen federal program services for students reduced through cuts, freezes, and inflation. NSBA believes that Fiscal Year 1987 is the year when this disheartening pattern should stop -- the year when Congress once again treats education as a national priority, when it regards public education as a solid investment in our young people.

By its 60-38 vote to adopt the Andrews-Hollings amendment to S. Con. Res. 120, the Senate has indicated that it will support funding education programs at pre-Gramm-Rudman levels plus an adjustment for inflation. The Senate vote to add $1.2 billion to the budget resolution has removed one major institutional barrier to making education a higher priority in the Fiscal Year 1987 budget -- despite the pressure to reduce the deficit.

We are also aware that members of the House Budget Committee are supporting proposals that would boost funding for education programs for the disadvantaged and handicapped beyond the current service levels for Fiscal Year 1986. NSBA welcomes these budget proposals in the House and Senate as a clear indication that a thaw has come for the policy of freezes in education funding.

We urge the members of this Subcommittee to adopt, as a minimum, a policy of funding education programs at their true Fiscal Year 1987 current services levels based on the original FY 86 appropriations. Without such a policy, declining levels of federal funding make it impossible for local school districts to deliver quality educational services to the children who need them.

II. Funding Trends: The Declining Priority of Education in the Federal Budget

We appreciate the Subcommittee's past efforts to maintain adequate funding levels for eduction — despite deficit reduction pressures. Viewed over six years, we believe education has made a contribution to defict reduction while other portions of the budget, like defense and entitlements, have grown significantly.

For example, the budget for elementary and secondary education was $7.42 billion in Fiscal Year 1980. However, the first sequestration under the Gramm-Rudman-Hollings law has reduced the FY appropriation to $7.3 billion -- below the 1980 level. When inflation is taken into account, the FY 86 appropriation actually represents a 35% reduction in education funds since 1980.

Overall, the proportion of the federal budget devoted to elementary and secondary education programs has dwindled from 1.1% to less than 0.7% since 1980, a sharp decline of 40%. This shrinkng share of the federal budget clearly shows education's decline as a priority in the nation's budget. We hope the Subcommittee will agree that this negative trend in education funding makes a policy of further freezes unacceptable.

III. The Administration's Flawed Budget Request Rationale

Both the House and Senate have rejected the Administration's budget request for Fiscal Year 1987 and with it, the fallacious argument that state and local governments can absorb reductions in federal education expenditures.

Many state and local communites, particularly those affected by the dramatic drop in oil prices, by the escalating farm crisis, and by the relentless loss of jobs in mining, steel, textiles, and automobile production will find it difficult to maintain their current commitments to education -- much less make up for reductions in federal spending. In fact, at least sixteen states are planning to cut their budgets for next year due to poor economic conditions.

The Administration's budget overlooks the fact that most state increases in education funding have been general in scope, or earmarked for raising teacher salaries. The special needs of disadvantaged urban and rural students, the handicapped, and those with limited English proficiency are seldom directly addressed by new state funding programs. Also overlooked is the impact of local and state initiatives to improve teacher salaries on the quality of federal programs when federal funding is held constant. Since federal program employees must receive the same salaries as non-federal employees, some aspect of the program must suffer in order to meet the new salary schedule with the same amount of money; for example, higher student-teacher ratios, fewer supplies, less experienced staff or shorter instructional periods.

NSBA believes that increases in local and state education expenditures are no argument for decreases in federal expenditures. On the contrary, the federal role is needed to supplement state and local funding -- and in local communities undergoing economic hardships it is crucial for providing equal educational opportunities for our young people.

IV. Reversing the Funding Trends for Education: Specific Program Recommendations

I would like to make specific recommendations for funding the major education programs in Fiscal Year 1987 (see chart). All of the recommendations seek to bring the appropriations at least to a current services level based on the original FY 86 enacted appropriations.

A. Chapter I

The Chapter I compensatory education program is universally recognized as an enormously effective program currently serving 4.8 million students in local communities nationwide. Unfortunately, at the very time when the number of poor children is increasing dramatically and such problems as teenage pregnancy, drug abuse, and youth unemployment are intensifying in many local communities, Chapter I has been subject to a freeze and then a Gramm-Rudman sequester of $159 million.

The nation cannot afford to let the Chapter I program atrophy at this critical time. Therefore, we urge the Subcommittee to appropriate at least an additional $378 million to fund Chapter I at current service levels. The Subcommittee should also consider a supplemental appropriation for Fiscal Year 1986 to counteract the double effect of a freeze and the sequester which will hit school districts this fall, September 1986.

B. P.L. 94-142: Education for All Handicapped Children Act

Currently, over 4 million children and youth, ages 3 to 21, are receiving special education and related services under P.L. 94-142. No area of student costs has grown as much as special education, whose annual per pupil cost is close to double that of regular education or over $7000 per child. While P.L. 94-142 authorizes the federal government to cover 40% of the excess costs of fulfilling this federal mandate, its share has never gone above 12% and currently it is only at 9%.

Local school boards are adamant that this trend to abandon the federal obligation must end. NSBA supports Senator Weicker's proposal to appropriate an additional $400 million to return the federal commitment to this worthwhile program to 12% of excess costs.

C. Chapter 2: Block Grant

Several recent evaluation studies have reported that the Chapter 2 program of ECIA has been very successful in assisting local school districts carry out a wide variety of school improvement activities. The Effective Schools and Even Start bill recently introduced by Representatives Hawkins and Goodling would further increase the efficacy of the Chapter 2 program by earmarking 50% of the state set-aside for "effective schools" projects.

NSBA was disappointed at efforts in the Senate Budget Committee to cut Chapter 2. We urge the Subcommittee to reject any further attempt to scale down this successful program. We recommend an appropriation of an additional $53 million to expand the ability of local school districts to realize local school improvement programs.

D. Carl D. Perkins Vocational Education Act

The Administration has proposed cutting the funds for the Perkins Vocational Education Act in half based on the rationale that vocational education is not effective and detracts from academic preparation. NSBA strongly disapproves this elitist attitude against vocational education. It is precisely those funds which the Secretary wants to eliminate — funds for program improvement and innovation -- that many school boards need for retooling and revising programs to meet the future job market needs in their communities. NSBA therefore recommends that the Subcommittee appropriate an additional $95 million for vocational and adult education.

E. Impact Aid

The Impact Aid program established an obligation on the part of the federal government to reimburse local school districts for the combined impact of land removed from the tax rolls and new students brought into the area when the federal government establishes its business -- typically a military base -- in the locality. Therefore, we urge the Subcommittee to reject the Administration's request to eliminate "3 b" payments and to appropriate an additional $76 million.

F. Bilingual Education

The needs of our local communities who are striving to educate students with limited English proficiency grow ever greater especially in our federal border areas. NSBA recommends providing the Bilingual Education Act and the Emergency Immigration Act with an increase of $17 million.

V. Conclusion

As locally elected and appointed officials, we believe the nation truly supports a higher priority for education. In view of the vital role performed by federally funded services, we urge the Subcommittee to consider that deep reservoir of national support for education in determining appropriations for FY 1987.

On behalf of the National School Boards Association, I wish to thank the Subcommittee for the opportunity to testify.

SUMMARY
NSBA RECOMMENDED APPROPRIATIONS, FY 87
SELECTED EDUCATION PROGRAMS
(in millions)

Program	FY 86 Enacted Appropriations	FY 86 Post Sequester	FY 87 NSBA Recommendation*	Increase FY86-FY87
Chapter 1	$ 3,689	$ 3,530	$ 3,908	+ $ 378
P.L. 94-142	1,411	1,350	1,750.**	+ 400
Vocational and Adult Education	948	907	1,002	+ 95
Impact Aid	693	663	739	+ 76
Chapter 2 Block Grant	529	506	559	+ 53
Bilingual/ Immigrant Education	169	162	179	+ 17
Magnet Schools	75	72	75	+ 3
Math/Science	45	43	48	+ 5

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*Reflects the Andrews-Hollings Amendment to S. Con. Res. 120.

**Reflects Senator Weicker's Amendment to S. Con. Res. 120.

STATEMENT OF JOAN McFADDEN, EXECUTIVE DIRECTOR, AMERICAN HOME ECONOMICS ASSOCIATION

Senator BURDICK. Our next witness will be Joan McFadden, executive director, American Home Economics Association.

Ms. McFADDEN. Good morning, Mr. Chairman and members of the subcommittee, my name is Joan McFadden, I'm the executive director of the American Home Economics Association here in Washington. I'm appearing before you today to discuss funding for consumer and homemaking education for fiscal year 1987.

I requested this opportunity on behalf of the 24,000 members of the American Home Economics Association who are concerned about home economics programs in the public schools, called consumer and homemaking education programs.

The President has proposed funding for fiscal year 1987 for consumer and homemaking education in a manner substantially different from the line item funding that you and your colleagues authorized when you passed the Carl D. Perkins Vocational Education Act of 1984, and which you reinforced last year when you appropriated funds for consumer and homemaking education under that line item for fiscal year 1986.

The President's budget again proposes to ignore the line item provision of fiscal year 1987 and suggests that States fund consumer and homemaking education out of basic grants, title II of the Perkins Act. Yet, this title has been proposed to be cut by over 50 percent.

Congress considered the consumer and homemaking education programs at all levels during the reauthorization process, and both the Senate and House supported title III, part B as an important but separate part of the Perkins Vocational Education Act. It is clear that C&HE is a unique facet of vocational education because it prepares students with life skills. It is not consistent with the requirements and objectives of the basic State grants, title II, part A, and, therefore, needs to be funded as a separate line item.

It is clear that if C&HE funds were moved to title II, the effect would be a severe reduction of the money for C&HE programs. In some States, the number of C&HE programs would be greatly reduced, and in other States these programs would be virtually eliminated. This would also mean that many of the special provisions such as programs to economically depressed areas, of title III, part B of the law, would simply not be implemented.

Consumer and homemaking education has its roots in what you may know as home economics. Professional home economics had its beginnings in the early 1900's, and since 1917 with the adoption of the Smith-Hughes Act, home economics has been partially supported by the Federal Government.

Enormous changes have occurred in society in the last four decades, and home economics as a profession has also changed to meet the needs of society for the eighties, nineties, and beyond. Never has the need for basic nutrition education, family finance, consumer education, and parenting skills been greater.

Consider for a moment the changes in the family in our society over the last 40 years. The family unit has shifted from producers of goods to consumers of goods, and because of this, families today need information to guide their purchases and decisions. Rising incidents of personal bankruptcy and other economic crises such as the loss of job or reduction in pay affect family goals, lifestyles, and even personal relations between family members. Child and spouse abuse is increasing. Teenage marriage has become more prevalent, and the adolescent pregnancy rate in the United States is the world's highest for a developed country. Drug abuse is a major problem in high schools throughout the country. Alcohol abuse and drunk driving is increasing in the under 21 age group.

The dollars you appropriated under the line item for consumer and homemaking education for this year have gone to programs across the Nation which help individuals and families deal with these complicated issues of the eighties. These are programs which provide the information and skills to help young males and females evaluate the alternatives available to them.

The President's proposed budget justification states that consumer and homemaking education is a narrow, categorized area. How could a program which addresses national priorities and serves over 4 million students be termed a narrow area? For example, some of the national priorities currently being addressed include helping teen parents cope and succeed; assisting homemakers in economically depressed areas; applying academic skills including math, science, writing, and so forth to managing a home environment; enhancing employability skills of youth and adults; and assisting displaced homemakers as they work.

The role of the Federal dollar is very important to these consumer and homemaking education programs. Without a Federal presence, the development of new consumer and homemaking education programs would be eliminated and their constituency would not be served.

The philosophy of home economics and consumer education courses is that it is less expensive to teach families to manage resources and solve problems than it is to pay the social and financial costs of crisis intervention, malnutrition and/or welfare.

I believe this is what the President meant this February in his address to you when he described ladders of opportunity out of dependency. Successful management of resources in the family contributes to worker's productivity in the labor market, and, therefore, to the national economic recovery. Consumer and homemaking education programs are the only comprehensive family programs consistently available in our Nation's schools.

It is my intention in making this brief presentation to you this morning to reinforce the importance of line item funding for consumer and homemaking education. The programs have great impact on the over 4 million youth and adults they serve each year. These programs exist in approximately 33,000 schools and involve some 51,000 teachers. There is some form of consumer and homemaking education in nearly every community in the country.

PREPARED STATEMENTS

In conclusion, Mr. Chairman, and members of the subcommittee, I urge you to continue funding C&HE for fiscal year 1987 as a line item at the current services level, and separate from the basic grants. I appreciate the opportunity to be here and I'd be pleased to answer questions.

[The statements follow:]

STATEMENT OF JOAN MCFADDEN

Good morning, Mr. Chairman and members of the Subcommittee. My name is Joan R. McFadden, and I am Executive Director of the American Home Economics Association here in Washington. I am appearing before you today to discuss funding for Consumer and Homemaking Education for fiscal year 1987. I requested this opportunity on behalf of the 25,000 members of the American Home Economics Association who are concerned about home economics programs in the public schools called Consumer and Homemaking Education programs.

The Administration's Proposal for FY '87

The President has proposed funding for FY '87 for Consumer and Homemaking Education in a manner substantially different from the line item funding that you and your colleagues authorized when you passed the Carl D. Perkins Vocational Education Act of 1984, and which you reinforced last year when you appropriated funds for Consumer and Homemaking Education under that line item for FY '86. The President's budget again proposes to ignore the line item provision for FY '87 and suggests that states fund Consumer and Homemaking Education out of Basic Grants, Title II of the Perkins Act; yet this title has been proposed to be cut by over 50%.

Congress considered the Consumer and Homemaking Education program at all levels during the reauthorization process, and both the Senate and House supported Title III, Part B as an important but separate part of the Perkins Vocational Education Act. It is clear that Consumer and Homemaking Education is a unique facet of Vocational Education because it prepares students with life skills. Since this is not a separate occupation but a facet of each individuals life that impacts productivity in employment, it is not consistent with the requirements and objectives of the Basic State Grants (Title II, Part A) and therefore needs to be funded as a separate line item.

It is clear that if Consumer and Homemaking Education funds were moved to Title II, the effect would be a severe reduction of the money for Consumer and Homemaking Education programs. In some states the number of Consumer and Homemaking Education programs would be greatly reduced and in other states, these programs would be virtually eliminated. This would also mean that many of the special provisions of Title III, Part B of the law would simply not be implemented. For example:

1. Difficulty would arise in determining that 1/3 of the funds be spent in economically depressed areas.
2. There would be limited or no funding for support services and activities designed to ensure quality programs.
3. There would be fewer dollars for implementing the provisions in Title III, Part B of the Perkins Act.
4. The loss of flexibility would result in administering the Consumer and Homemaking Education program on a statewide basis.

In addition, there are fixed percentage spending requirements in Title II which are not applied to Consumer and Homemaking Education under Title III. Under Title II up to 57% of all funds must be set aside, off the top. It simply is not possible to inject the amount spent last year for Consumer and Homemaking Education as a line item into Title II Basic Grants and reap the Consumer and Homemaking Education benefits we are seeing during the present fiscal year. The point is that Consumer and Homemaking Education funding must remain in the line item.

Home Economics

Consumer and Homemaking Education has its roots in what you may know as "home economics." Professional home economics had its beginning in the early 1900's. Since 1917, with the adoption of the Smith-Hughes Act, home economics has been partially supported by the Federal government. During its first two decades, home economics emphasized efficiency and economy. But enormous changes have occurred in society in the last four decades and home economics as a profession has also changed to meet the needs of society for the eighties, nineties and beyond. Never has the need for basic nutrition education, family finance, consumer education and parenting skills been greater.

Change in Society

Consider for a moment the changes in the family in our society over the last forty years. The shift of the family unit from producers of goods to major consumers of goods, selecting and using largely that which has been made outside the home is one simple example. As buyers rather than producers, families today need information to guide their purchases and decisions. Unfortunately, the majority of changes in the family of the eighties are more sobering. Single-person households accounted for 25% of the family units. Approximately 54.5% of all women over 16 years of age are in the labor force (including 48% of all mothers with children under 6 years of age). Single parent families have increased dramatically, with one in every four children living with only one parent in 1984.

Rising incidents of personal bankruptcy and other economic crises, such as loss of job or reduction in pay, affect family goals, lifestyles, and even personal relations between family members. Child and spouse abuse is increasing. Teen-age marriage has become more prevalent and the adolescent pregnancy rate in the United States is the world's highest for a developed country. Drug abuse is a major problem in high schools throughout the country. Alcohol abuse and drunk driving is increasing in the under twenty-one age group.

The dollars you appropriated under the line item for Consumer and Homemaking Education for this year have gone to programs across the nation which help individuals and families deal with these complicated issues of the eighties. These are programs which provide the information and skills to help young males and females evaluate the alternatives available to them.

National Priorities

The President's proposed budget justification states that Consumer and Homemaking Education is a "narrow categorized area." How could a program which addresses national priorities and serves 3.9 million students be termed a "narrow area?" For example, some of the national priorities currently being addressed across the country by Consumer and Homemaking Education programs include:

- Helping teenage parents cope and succeed
- Assisting homemakers in economically depressed areas
- Applying academic skills (i.e., math, science, writing, and consumer skills) to managing a home environment
- Enhancing employability skills of youth and adults
- Assisting displaced homemakers as they work.

The role of the Federal dollar is very important to these Consumer and Homemaking Education programs. Without a Federal presence, serious harm would come to the development of new Consumer and Homemaking Education programs and the constituency they serve. Imagine a society where young people do not care about healthy bodies and minds, or about being strong and imaginative. Imagine families where there is poor communication and management of resources. Imagine babies being born to mothers not yet independent enough to take care of themselves, and fathers not yet mature enough to realize that they have an obligation to the newborn. These concerns, some of which already are reality in America, are among those currently being addressed by Consumer and Homemaking Education.

The Federal dollars that you appropriated for Consumer and Homemaking Education for this year have gone directly to programs in each of your states that provide high school students--both male and female--and members of the community with information for managing family economics and consumer behavior. These programs deal with combined home and job responsibilities, improving responses to crises (including avoiding family violence and child abuse), strengthening parenting skills, assisting handicapped and aged family members, improving nutrition, conserving limited resources, training the handicapped to be self sufficient, understanding the impact of new technology on life and work, and applying Consumer and Homemaking Education skills to jobs and careers.

Of course, there are no easy solutions to all of our problems and concerns, but we also know that if we eliminate our emphasis on Consumer and Homemaking Education, turning our backs on these problems and pretending that they do not exist in our society, in essence we will be turning our backs on an opportunity for better prepared families and a better society. Our dream of a strong society will be at risk, for as the President himself suggested in his State of the Union address in February, the family is the most basic institution of American society.

The philosophy of Consumer and Homemaking Education courses is that it is less expensive to teach families to manage resources and solve problems than it is to pay the social and financial costs of crisis intervention, malnutrition, and/or welfare. I believe this is what the President meant this February in his address to you when he described ladders of opportunity out of dependency. Successful management of resources in the family contributes to a worker's productivity in the labor market and, therefore, to the national economic recovery. In order to restore further economic health to the nation, skilled workers who can manage scarce resources are essential and vocational education assists in furnishing skilled workers for the nation's labor force. Even the nation's defense programs require competent families, able to manage resources and solve problems. Consumer and Homemaking Education programs are the only comprehensive family programs consistently available in our nation's schools.

I submit to you that these areas are not "narrow;" that they do address national priorities. Indeed, the emphasis of Consumer and Homemaking Education in 1986 is in the very areas specified by Congress in the Carl D. Perkins Vocational Education Act to be priorities: food and nutrition; consumer education; family living and parenthood education; child development and guidance; housing; home management (including resource management); and clothing and textiles.

Summary

It is my intention in making this brief presentation to you this morning to reinforce the importance of line item funding for Consumer and Homemaking Education: Consumer and Homemaking Education programs have great impact on the 3.9 million youth and adults they serve each year. These programs exist in approximately 33,000 schools and involve some 51,000 teachers. There is some form of Consumer and Homemaking Education in nearly every community in the country.

In conclusion Mr. Chairman and members of this Subcommittee, I urge you to continue funding Consumer and Homemaking Education for FY '87 as a line item at the FY '86 level, and separate from Vocational Education Basic Grants. We appreciate your concern for these programs in the past. We believe you are pleased with the results Consumer and Homemaking Education has achieved with the Federal dollars invested and the state and local dollars they have generated; and because of these achievements, we trust you will continue the line item funding.

Thank you for your attention this afternoon, I will be happy to respond to questions now or when they arise.

STATEMENT OF AMY H. CLARK, LEGISLATIVE CHAIRPERSON, NATIONAL ASSOCIATION OF VOCATIONAL HOME ECONOMICS TEACHERS

I am Amy H. Clark, Legislative Chairperson of the National Association of Vocational Home Economics Teachers (an affiliate of the American Vocational Association) and a secondary classroom teacher for 14 years in South Carolina. Recently I was selected as South Carolina Home Economics Teacher of the Year by the South Carolina Home Economics Association and one of the 10 finalist for the 1986 American Home Economics Association Teacher of the Year Award. I am representing the National Association of Vocational Home Economics Teachers and secondary classroom teachers across the United States.

On behalf of 50,000 home economics teachers, 350,000 Future

Homemakers of America members (Home Economics student youth organizations), and other vocational education students, I want to express appreciation for your tireless support for vocational education; for your recognition of the value of the occupation of homemaking; and for the opportunity to voice concern for the future of vocational education, particularly Consumer and Homemaking Education programs.

The President's proposed budget for FY '87 would terminate funds for Consumer and Homemaking Education (Title III, Part B) of the Carl D. Perkins Vocational Education Act. I am presenting this testimony to give you specific examples of Consumer and Homemaking Education programs and to urge you to reject the President's proposal to terminate line-item funding.

Consumer and Homemaking Education programs have not only met consistently the objectives set for them by Congress but have continually been improved, expanded, and updated to meet current needs of society. These programs have served to promote the elimination of sex role stereotyping by encouraging participation of males and females to prepare for the combined roles of homemakers and wage earners. The establishment of programs to meet the needs of special populations such as the aged, the handicapped, the single parent, and the disadvantaged is another positive accomplishment of the Consumer and Homemaking Education programs.

The people who derive the most benefits from the Consumer and Homemaking Education programs are those who are expected to suffer from a lack of knowledge about making sound decisions as consumers and performing homemaking functions effectively. Since it is imperative that we have a population well-educated in consumer education and personal financial management, nutrition education, family living and parenting, child development, housing and home management, the entire population should receive this vital training as to the basics of day-to-day living. The social benefits of the knowledge provided by Consumer and Homemaking Education far outweigh the monetary costs.

Home Economics is the only subject area within the educational setting which has the individual and the family and the interactions between the family and the greater environment in which the family operates as its central focus. In our local district Family Life Education is the core of the Consumer and Homemaking Education Program. Family Life Education emphasizes the family as the basic unit of society while exploring the complexities of marriage and family life in a changing society. The establishment and maintenance of interpersonal relationships, preparation for marriage and family life and the management of resources to achieve individual and family goals are the focus of these courses. Family Life Education stresses the role each individual must assume to improve family life. Effective personal development and maximum use of human and material resources are emphasized. This course aids students to establish the potential for creating better marriages and more stable families in which members enjoy a climate for positive growth and socialization.

Students in Foods and Nutrition study the principles of nutrition and the relationship of nutrition to individual health and well-being. In addition to relating nutrition to the quality of life, students are involved in the following units of study: kitchen appliances and equipment; sanitation and safety; measuring basic ingredients; menu planning; understanding and following a recipe; selecting food according to the buying guide; and preparing foods from the basic food groups.

Clothing and Textiles involves students in planned learning experiences in acquiring basic skills in clothing construction. Through practices and application, students acquire skill in the operation and maintenance of the home sewing machine, basic hand sewing techniques, pattern interpretation and layouts, and garment construction. Upon the completion of a Clothing and Textiles course, students are not only able to function in home sewing but are better informed consumers in the clothing marketplace.

Child Development, the study of human growth and development from conception through school age, stresses the care and guidance of young children relative to the physical, social, emotional and mental developmental tasks. Parenthood Education emphasizes the development of skills which are necessary in performing parenting tasks. As students teach then observe in our childhood learning center, they are provided with information and opportunities that will better prepare them for their potential roles as future parents and enable them to make intelligent parenting decisions.

Family Finance is a course designed to enable students to formulate a personal value system, utilize sound decision-making procedures, evaluate marketplace alternatives, and become knowledgeable about the rights and responsibilities of the consumer. Students formulate a money management plan which is their guide throughout the course as they analyze costs involved in transportation, housing, clothing, health and dental care, nutrition and personal maintenance.

I have described our local programs to help you understand our need for funding. To teach these courses, we need up-to-date resource materials, equipment, supplies, audio-visuals, and curriculum guides. The dollars you appropriated under the line item for Consumer and Homemaking Education for this year have gone to programs across the nation just like ours at Westside High School to help individuals and families deal with the complicated issues and challenges of the eighties. These programs provide the information and skills to help young males and females evaluate the alternatives available to them.

I would like to share with you some comments from our students who have taken the programs funded by Federal Consumer and Homemaking Education dollars:

A female graduate who is a single parent and is employed as a secretary said "I do know I am a better parent as a result of the information I learned in Child Development. With more confidence in my role as a parent, I am effective in both roles—full-time parent and full-time employee. I also have time to do the things I enjoy such as sewing. After learning the basics in Clothing and Textiles, I now made all my clothes which includes tailored suits and dinner dresses."

A male graduate stated "I did not know what real life was all about until I enrolled in Family Finance. In that course, I learned to make sound financial decisions. Now I am a good money manager and know where my money is spent."

A female graduate said "Before studying Food and Nutrition, I had no idea that an unborn child could be affected by what the pregnant woman ate and drank."

A married couple who were Family Life students commented, "Through our studies we learned how to deal with conflicts which arise in marriage and family life. We work out our problems rather than avoid them until it is too late to resolve the differences. As a result of dealing with problems as they arise, we communicate more effectively and have a better relationship. Things would not be so good if we had not learned how to work out our problems."

A male student wrote in his course evaluation. "Last year I had Parenthood Education and this year I had Child Development. I went into the class in the eleventh grade with much less knowledge about children and being a parent than I had ever realized I had. When last year's course was over I had gained a great deal of knowledge and found myself being much more interested in and understanding of children. My attitude this year was a very positive attitude after the previous knowledge of the year before. The classes not only taught me a lot about children and being a parent but made me a much better person as well."

A clinical psychotherapist who serves on the home economics advisory committee stated, "The program is a solid educational element of the high school curriculum that provides solutions on an operation level for serious and persistent problems in our community. The program challenges the high level of unwed teenage pregnancy, the increasing incidents of child neglect and abuse, and the resulting loss of traditional family support systems and absence of family role models, and the economic stress present in numerous families as a result of textile factory closings. The program creatively stimulates and challenges students to apply in their daily life what they learn in an academic setting. Through the process of reality based education, the students learn to anticipate and successfully cope with potential problems in life."

Our district superintendent stated, "The program is open to both male and female students. The goals will better prepare students to cope with the projected needs of this community as have been determined through careful research and evaluation."

From the programs described and the comments from students and administrators, one can see that Consumer and Homemaking Education programs are addressing national priorities and are assisting families in an ever changing society. You and your colleagues in the Congress recognized the importance of these programs when you created a separate line item for funding Consumer and Homemaking Education programs under the Carl D. Perkins Vocational Education Act of 1984 (PL 98-524), and when you specifically funded those programs under than line item for fiscal year 1986.

Consumer and Homemaking Education is a unique facet of Vocational Education because it relates to the home, family, and workplace. The quality of life of individuals and families has a direct relationship to the economic stability of this country. Congress has supported this program in the authorizing and appropriations processes to help meet the needs of the nation's families for improved productivity and economic growth. We express our appreciation that support and encourage you to continue it in FY '87 and beyond.

I personally appreciate the opportunity to share with you some examples of Consumer and Homemaking Education programs in my state and how these examples translate into useful programs for life skills for students in their role as a citizen, family member and worker. I commend you for your support and urge you to continue line-item funding at current services level for Consumer and Homemaking Education.

Senator BURDICK. Thank you very much. You asked the Department of Education people whether they believed that homemaking education was narrow and categorical—is that the question?

Ms. MCFADDEN. Yes.

Senator BURDICK. What kind of reply did you get?

Ms. MCFADDEN. Well, there are some who do. I think there are some who do not. However, those people who are appointees of the President must support the President's budget.

Senator BURDICK. I see. And you don't agree.

Ms. MCFADDEN. I don't agree.

Senator BURDICK. Thank you.

STATEMENT OF JANICE LOEFFLER, EXECUTIVE DIRECTOR, PENNSYLVANIA ASSOCIATION OF REHABILITATION FACILITIES; NATIONAL ASSOCIATION OF REHABILITATION FACILITIES

Senator BURDICK. Our next witness is Janice Loeffler, National Association of Rehabilitation Facilities [NARF]; executive director, Pennsylvania Association of Rehabilitation Facilities [PARF], Camp Hill, PA. Have we got it all?

Ms. LOEFFLER. Yes; you've got it all.

Good morning, my name is Jan Loeffler and I'm the executive director of the Pennsylvania Association of Rehabilitation Facilities. PARF is a State chapter affiliated with the National Association of Rehabilitation Facilities. PARF represents a broad range of vocational, medical, and residential rehabilitation facilities in Pennsylvania. I am here on behalf of the National Association of Rehabilitation Facilities.

NARF is the national voluntary membership organization of community-based rehabilitation facilities with over 600 rehabilitation facilities and 23 affiliated State chapters. These rehabilitation facilities serve well over 700,000 persons with disabilities annually. The membership includes freestanding rehabilitation hospitals, rehabilitation units of general hospitals, comprehensive outpatient rehabilitation facilities [CORF], developmental work centers, and vocational facilities. We are very pleased to be able to testify before you today on issues of concern to us in the fiscal year 1987 Labor-HHS-Education appropriations bill.

Without any changes in the current law, Medicare spending in fiscal year 1987 will total approximately $82 billion. The President's budget request calls for legislative and regulatory reforms to reduce spending under Medicare by approximately $5.2 billion. The majority of the spending reductions are aimed at health care providers. The majority of NARF's medical members participate in the Medicare Program. According to a recent study conducted by NARF, about 50 percent of their revenues come from Medicare.

Sixty percent of the administration's spending reductions are targeted on medicare service providers and would limit hospital capital cost payments, medical education, physician reimbursement, and payment for nonphysician services including rehabilitation.

NARF opposes continued reductions in payments to Medicare providers. NARF strongly supports the full budget request for Medicare contractors and urges the committee to appropriate additional funds specifically for claims processing and beneficiary and provider services. In the last 2 years, the turnaround time for claims submitted by rehabilitation providers has increased dramatically.

CORF's provide comprehensive outpatient rehabilitation services to eligible Medicare beneficiaries under part B. These facilities, which are usually located close to the beneficiary's home and allow them to come home from the hospital are receiving increasing numbers of referrals as a result of the implementation of the prospective payment system. Many of these facilities are smaller with revenues generally below $1 million. Many of these facilities simply are not being paid by the intermediaries designated in each State to process CORF claims. The net result is the facilities are not being paid in a timely manner, if at all. One facility in Connecticut currently has over $120,000 in billings outstanding and has not been paid since October despite repeated meetings with the intermediary. Two CORF's have not been paid at all since October. Another facility with over $100,000 in outstanding claims has been forced to get a bank loan.

We urge the committee to make additional funds available for claims processing and payment, and furthermore, that the committee require that payment at least for these types of outpatient providers be required to be paid promptly.

NARF opposes the administration's proposal and urges the committee to provide full funding for the Medicaid Program. A cap on future Federal Medicaid outlays would place a disproportionate share of the burden of reducing the Federal deficit on those who are poor, elderly, and disabled and are the most vulnerable segment of our society.

Additionally, such a cap would lock in existing interstate inequities in Federal aid for health and health-related services to Medicaid-eligible recipients. Therefore, NARF urges that the President's fiscal year 1987 recommendations for Medicaid be rejected.

The Rehabilitation Act of 1973 remains the foundation for vocational services to persons with disabilities. The administration has asked that the basic grants to the States be cut back to the 1985 level. This is incomprehensible for a program whose primary aim is to put disabled persons into competitive jobs in the community, saving State and Federal Government millions of dollars over the cost of maintaining disabled persons on welfare programs. Rather than allow cuts to this program, NARF urges the committee to increase funding for basic State grants to $1,379.2 million. This modest increase over current level will allow more persons with disabilities to be served and ultimately save a tremendous amount of money.

Training of rehabilitation professionals is another area of the Rehabilitation Act that deserves special scrutiny. The administration has asked for a reduction of over 40 percent. There has been an erosion of training resources during the past few years which if continued will jeopardize the quality and quantity of services to persons with disabilities.

NARF also strongly recommends that funding for the National Institute of Handicapped Research [NIHR] be increased to $49 million for fiscal year 1987. This level of funding would enable the needed growth in center programs, support 40 new research grants, comply with Congress' intent to increase funds for expanded support for existing center and additional field initiated research grants, and allow the NIHR to work in developing medical research areas such as pediatric and geriatric rehabilitation, and enable the research training which was funded under the fiscal year 1986 appropriations bill to be furnished.

Thank you for this opportunity to appear before the committee.

PREPARED STATEMENT

Senator BURDICK. Thank you very much. Your statement will be placed in the record at this point.

[The statement follows:]

STATEMENT OF JANICE LOEFFLER

Good morning, Mr. Chairman. My name is Janice Loeffler. I am the Executive Director of the Pennsylvania Association of Rehabilitation Facilities (PARF). PARF is a state chapter affiliated with the National Association of Rehabilitation Facilities. PARF represents a broad range of medical and vocational rehabilitation facilities in Pennsylvania.

I am here on behalf of the National Association of Rehabilitation Facilities. NARF is the national voluntary membership organization of community-based rehabilitation facilities with over 600 rehabilitation facilities and 23 affiliated state chapters. These rehabilitation facilities serve well over 700,000 persons with disabilities annually.

The membership includes freestanding rehabilitation hospitals, rehabilitation units of general hospitals, comprehensive outpatient rehabilitation facilities, developmental work centers and vocational facilities as well. We are very pleased to be able to testify before you today on issues of concern to us in the FY 1987 Labor-HHS Education Appropriations Bill.

Medicare

Currently, the Medicare program covers approximately 29 million elderly people representing about 98% of all Americans over the age of 65. In addition, Medicare covers approximately 3 million people with disabilities. Without any changes in the current law, Medicare spending in FY 1987 will total approximately $82 billion. The President's budget request calls for legislative and regulatory reforms to reduce spending under Medicare by approximately $5.2 billion. The majority of the spending reductions are aimed at health care providers.The majority of NARF's medical members participate in the Medicare program. According to a recent study conducted by NARF, about 50% of their revenues come from Medicare.

Sixty percent (60%) of the Administration's spending reductions are targeted on Medicare service providers and would limit hospital capital cost payments, medical education, physician reimbursement, and payment for nonphysician services, including rehabilitation.

The Administration proposes to make various changes in program management. The 1987 budget proposes to increase funding for Medicare contractors for claim processing/beneficiary and provider services by $47 million. The budget documents note that an additional 33 million claims a 9% increase are expected to be processed in 1987. The conference report for the FY 1986 appropriations bill provided funding of approximately $963 million for program management. However, $41 million of this amount was sequestered under the initial sequestration order pursuant to P.L. 99-177 and $2 million has been proposed for a recision.

NARF opposes continued reductions in payments to Medicare providers. NARF strongly supports the full budget request for Medicare contractors and urges the Committee to appropriate additional funds specifically for claims processing and beneficiary and provider services. In the last two years, the turnaround time for claims submitted by rehabilitation providers has increased dramatically. For example, there are currently approximately 85 comprehensive outpatient rehabilitation facilities (CORFs) in the country. According to a national survey conducted by our organization, the payment time for claims submitted by these organizations runs from as long as 60 to 120 days.

CORFs provide comprehensive outpatient rehabilitation services to eligible Medicare beneficiaries under part B. These facilities, which are usually located close to the beneficiary's home and allow them to come home from the hospital, are receiving increasing numbers of referrals as a result of implementation of the prospective payment system. Many of these facilities are smaller with revenues generally below $1 million. They provide a vital service within their communities by providing these comprehensive rehabilitation services. However, many of these facilities simply are not being paid by the intermediaries designated in each state to process CORF claims. Intermediaries tell CORFs that they simply are not going to process the claims because they have too many other responsibilities; are losing claims, requiring the facility to submit them two and three times; and are continually requesting additional information two and three times in the processing of one claim. The net result is that facilities are not being paid in a timely manner, if at all. This creates dramatically difficult cash flow problems for these facilities and unfortunately has an adverse impact upon the beneficiaries receiving services. One facility in Connecticut currently has over $120,000 in billings outstanding and has not been paid since October despite repeated meetings with the intermediary. Two CORF's have not been paid since October. Another facility with over $100,000 in outstanding claims has been forced to get a bank loan.

Therefore, Mr. Chairman, we urge that the Committee make additional funds available for claims processing and payment and furthermore that the Committee require that payment at least for these types of outpatient providers be required to be made promptly.

Furthermore, declining financial support to Medicare providers and the imposition of rigid service limitations continues to endanger the ability of beneficiaries to receive appropriate, high quality care.

Medicaid

Approximately 23 million Americans who are elderly, blind and disabled, and low-income receive health care benefits through the Federal-state medical assistance program known as Medicaid. Under current law, Medicaid outlays for all purposes are expected to increase by $1.4 billion between FY 1986 and FY 1987. The Administration has, however, proposed legislative changes to decrease program outlays by approximately $1.3 billion in FY 1987. These savings would be reached by limiting Federal Medicaid expenditures to $23.6 billion in FY 1987, compared to an estimated $24.8 billion required under current law. The Administration proposals assumes $1.3 billion as a result of a statutory spending limitation or Medicaid cap and an additional $260 million in savings due to administrative cost limitations and several other changes. In addition, the growth of Federal expenditures in future fiscal years would be restricted to increases in the medical care component of the Consumer Price Index. Within the overall spending ceiling or cap, each state would be entitled to receive the same proportional share of Federal funds as it expended in 1985. The administration has proposed a one-time $300 million "hardship" fund to assist states which, for reasons beyond their control, exceed their Federal spending ceilings in FY 1987.

NARF opposes the Administration's proposal and urges the Committee to provide full funding for the Medicaid program. A cap on future Federal Medicaid outlays would place a disproportionate share of the burden of reducing the Federal deficit on those who are poor, elderly and disabled and are the most vulnerable segment of society. Additionally, such a cap would lock in existing interstate inequities in Federal aid for health and health related services to Medicaid eligible recipients. Therefore, NARF urges that the President's FY 1987 recommendations for Medicaid be rejected.

Rehabilitation Act

The Rehabilitation Act of 1973 remains the foundation for vocational services to persons with disabilities. The Administration has asked that the basic grants to the states be cut back to the 1985 level. This is incomprehensible for a program whose primary aim is to put disabled persons into competitive jobs in the community, saving state and Federal government millions of dollars over the cost of maintaining disabled persons on welfare programs. Rather than allow cuts to this program NARF urges this Committee to increase funding for basic state grants to $1379.2 million. This modest increase over current level will allow more persons with disabilities to be served and ultimately save a tremendous amount of money.

A program within the Rehabilitation Act which deserves your special attention is Projects With Industry. A recent report to Congress from the Rehabilitation Services Administration found that PWI was an efficient and very cost effective means of placing persons with disabilities into competitive community jobs. The report also said that Congress should decide whether it is time to establish PWI as a service delivery program. We feel that the time has come based on the study and the best way to change from the current demonstration status is to provide sufficient funding to significantly expand the program. The study found that PWI graduates from one year increased their earnings $1.263 million a week or over $65 million a year. This is very impressive for a program that was funded at $13 million at the time. Appropriations for PWI for FY 1987 should be no less than $20 million.

Training of rehabilitation professionals is another area of the Rehabilitation Act that deserves special scrutiny. The Administration has asked for a reduction of over 40%. There has been an erosion of training resources during the past few years which if continued will jeopardize the quality and quantity of services to persons with disabilities. Last year this Committee helped restore funding to this important function. We ask again that adequate funding be provided to insure the future for disabled persons.

National Institute of Handicapped Research

The National Institute of Handicapped Research conducts research and demonstration projects and related activities concerning rehabilitation of persons with disabilities. NIHR supports research and training centers, rehabilitation engineering centers, research grants, fellowships and research demonstration projects. Research is now being funded at more than 100 educational institutions and in various areas of interest including spinal cord injury, arthritis, heart disease, mental illness, deafness, blindness and head trauma.

The Administration's FY 1987 budget request is for $39 million. This level of funding is the same as that requested for FY 1985.The FY 1986 appropriations bill provided for funding of $44 million. Furthermore, the President's budget request would only fund continuation costs of existing grants.

NARF strongly recommends that funding for NIHR increased to $49 million for FY 1987. This level of funding would enable the needed growth in center programs, support 40 new research grants, comply with Congress's intent to increase funds for expanded support for existing center and additional field initiated research grants, and allow the institute to work with NIHR in developing medical research areas such as pediatric and geriatric rehabilitation and enable the research training, which was funded under the FY 1986 appropriations bill to be furnished.

This committee has expressed concern that the NIHR has not given sufficient priority to people with head injuries and has accordingly directed NIHR to seek proposals addressing these areas. In contrast to the Administration's request, this recommendation would allow for new and expanded work regarding high risk infants, burn rehabilitation, spinal cord injury and employment of people with mental illness.

Other Recommendations

Rehabilitation facilities use a wide variety of Federal programs to help disabled persons improve themselves through employment and increased independence. Attached to this statement are recommended funding levels which NARF endorses. These recommendations have been endorsed by more than 30 national organizations that represent or provide services to disabled persons.

NARF staff would be glad to answer any questions or provide any additional information the Subcommittee may need.

STATEMENT OF JAMES HOLLAHAN, UNITED CEREBRAL PALSY ASSOCIATION, INC., AND EXECUTIVE DIRECTOR, UNITED CEREBRAL PALSY OF PENNSYLVANIA

Senator BURDICK. Our next witness will be James Hollahan, executive director, United Cerebral Palsy of Pennsylvania. Welcome to the committee.

Mr. HOLLAHAN. Good morning, Senator. My name is Jim Hollahan, I'm the executive director for United Cerebral Palsy of Pennsylvania. United Cerebral Palsy of Pennsylvania is the State office representing 19 local United Cerebral Palsy affiliates in Pennsylvania, serving over 11,000 children and adults with disabilities. Today I'm testifying as a representative of United Cerebral Palsy Association [UCPA], Inc.

UCPA is a nonprofit agency with 220 affiliates in 45 States throughout this country. We represent a combined effort of over 1 million volunteers and professional staff working on behalf of and for people with severe physical disabilities. Today I'm here really to share with you that individuals with cerebral palsy and other severe physical disabilities have two major objectives; to become more independent, and to be more productive.

Individuals with severe disabilities today know that they can be contributing and participating members in the community. In Pennsylvania and across the country, individuals with physical disabilities are learning to live in their own apartments and they are finding gainful employment.

Today I will focus my remarks on three major areas; the first is in the area of early intervention. UCPA strongly supports Senate bill 2294, the Education of the Handicapped Act Amendment of 1986. This bill creates a new State grant program for children identified as handicapped and needing early intervention services from birth through age 2.

In the 1970's, UCPA helped establish the validity and the methodology for early intervention through their national infant collaborative project. Today, Federal studies confirm conclusively what we tried to demonstrate in the seventies. We now know that for every $1 invested in preschool early intervention programs, there's a $3 reduction in special education costs later on in school. Investments in early intervention is the first and most important employment investment we can make in the lives of children with disabilities.

We are recommending full funding of $200 million in new authorizations that are included within Senate bill 2294 for handicapped children, birth through 5. And we really believe that this will bring new hope to thousands of families.

The second area is the Job Training Partnership Act. The Job Training Partnership Act provides employment training for persons with disabilities through State grant programs and national projects funded by pilot and demonstration accounts. Over 5,000 individuals with disabilities were placed in competitive employment through the demonstration programs, but none of these projects focus their efforts on persons with cerebral palsy.

UCPA recommends $1.969 billion for the State grants program and $40.7 million for the pilots and demonstration accounts under title IV. UCPA also recommends targeting a portion of the new demonstration dollars for a national project serving persons with cerebral palsy.

In the area of vocational rehabilitation, the State grant program is the most important source of funding for vocational rehabilitation services for persons with cerebral palsy and similar disabilities. These services enable persons with disabilities to become gainfully employed. It is estimated that 85,000 fewer individuals will be served if Congress accepts the administration's funding levels for section 110 services. Since persons with disabilities represent the largest class of unemployed citizens in the country, UCPA is shocked and dismayed by such a recommendation.

UCPA recommends in fiscal year 1987 a funding level of $1.379 billion for 110 services. In Pennsylvania, we already are seeing the development of a waiting list for vocational rehabilitation services because in some parts of the States the current 110 moneys have already been allocated for this fiscal year.

Supported employment has demonstrated that persons with severe disabilities have employment potential. With training and adequate support, these individuals have become employed in supportive and competitive work situations. After almost 1 year of planning, five supported employment projects will begin next month in Pennsylvania. These projects are targeted to place over 100 severely disabled individuals in jobs and to gather information needed to develop a statewide supported employment effort.

UCPA believes that supported employment should be a legitimate activity and expense within the vocational rehabilitation State grant program, as well as a part of title III and title VII.

We recommend that the committee fund the full authorization level for the new project moneys in the Rehabilitation Act for supported employment.

A final concern relates to rehabilitation engineering, which is the work of an engineer to adapt the work site. We are urging that the committee appropriate $49 million for the National Institute on Handicapped Research in fiscal year 1987. This would include funding for at least a minimum of two new rehabilitation engineering centers to demonstrate innovative and cost-effective rehabilitation engineering services for employment and independent living.

PREPARED STATEMENT

I refer the committee to the prepared remarks that I submitted and I thank you very much for the opportunity to speak today.

Senator BURDICK. Thank you very much.

[The statement follows:]

STATEMENT OF JAMES HOLLAHAN

INTRODUCTION

My name is Jim Hollahan. I am the Executive Director of the United Cerebral Palsy of Pennsylvania. UCP of Pennsylvania is the state office representing 19 local UCP affiliates within the Commonwealth. These affiliates provide services to over 11,000 children and adults with disabilities and their families. Today, I am testifying as a representative of United Cerebral Palsy Associations, Inc. UCPA is a private nonprofit agency, with over 220 affiliates in 45 states, concerned with meeting the needs of persons with cerebral palsy and similar disabilities.

Despite the substantial commitment of volunteer time and the contribution of millions of dollars by the private sector to UCP affiliates last year, there is as critical a need as ever before for a strong federal presence in the lives of people with severe disabilities. During the past five years, despite vital support from Congress, we have seen a steady erosion of federal programs and benefits afforded to citizens with severe disabilities. Even the strong private sector support cannot keep pace with declining federal dollars.

As this Subcommittee makes important choices in the weeks ahead, it is important that it be understood that despite federal mandates enacted by Congress, children and adults with cerebral palsy remain on long waiting lists for educational programs and community services that would enable them to become more independent and productive.

Although there are some 20 programs within your jurisdiction that are important to UCPA and the people we serve, we would like to focus our testimony on several programs under the Education of the Handicapped Act (EHA), the Rehabilitation Act, the Job Training Partnership Act (JTPA), and the Developmental Disabilities Act.

EDUCATION OF HANDICAPPED CHILDREN (P.L. 94-142)

STATE AND LOCAL GRANT PROGRAM

Under EHA, the federal government maintains a partership with state and local education agencies to provide a free, appropriate special education and related services for children with handicaps. The benefits of the federal mandate have brought new hope to thousands of parents with children who have cerebral palsy. However, while much progress has been made in the implementation of P.L. 94-142, we are distressed that the Congress has not lived up to the fiscal promise it made when it enacted the law. Originally, the law authorized the federal government to pay for up to 40% of the National Average Per Pupil Expenditure (NAPPE). The Administration proposes to totally eliminate the $80 million increase Congress appropriated in F.Y. 1986 and reduce the per pupil expenditure to a new low of 7%.

Handicapped children and their parents are clearly suffering from the continuing failure of the federal government to provide a fiscal contribution at a more reasonable percentage. The adverse impact on handicapped children include children from coast to coast waiting for speech and physical therapy, class sizes growing larger and, in spite of the federal mandate, children with severe disabilities being told to stay at home because of the lack of available programs.

Approval of the Administration's funding recommendation would make a bad situation even worse. UCPA joins with the Consortium for Citizens with Developmental Disabilities in recommending that the State Grant Program authorized by P.L. 94-142, receive $1.435 billion in F.Y. 1987. This would increase the NAPPE to approximately 12%, which was the program's funding level during the 1970's.

EARLY CHILDHOOD PROGRAMS

UCPA is also concerned about preschool services for young children with handicaps. Cerebral palsy usually occurs prior to, during, or shortly after birth. In the 1970's, with a grant from the Department of Education, UCPA assisted over 100 community agencies in 30 states establish early intervention programs for young children with cerebral palsy and other severe disabilities.

Numerous studies have documented the benefits of early intervention as a program that reduces the need for later, more costly services. The most recent Annual Report of the Department of Education on the implementation of the Education of the Handicapped Act refers to a study showing that the return on the initial investment for children with disabilities who receive two years of preschool education was three-and-one-half times the cost for these services in reduced future education costs compared to children who did not receive preschool education. Despite these findings, three out of four children with handicaps in the preschool age range are not receiving these services.

There are two programs that focus on the unique special education needs of young disabled children. UCPA recommends that the Preschool Incentive Grant Program receive $47.9 million, and the Early Childhood Education Program receive $28.3 million as its F.Y. 1986 authorization level. These appropriation levels for F.Y. 1987 would allow the states and community-based agencies like UCP to reach out to a significant number of the unserved population for which early intervention services are critically needed.

PARENT TRAINING

Three years ago, Congress amended the Special Education Personnel Development Program to set aside 10% of the funding for parent training. These information and training programs enable parents to participate more effectively with professionals in meeting the educational needs of their children who have disabilities. These programs are of critical importance to new parents who have recently learned their child has a disability, as well as to thousands of parents who want to become actively involved and more informed decision-makers in the provision of appropriate special education and related services for their children. Parent information and training programs have improved the quality of education in 34 states. Unfortunately, 16 states still do not have a federally funded training program for parents.

The Administration has recommended a 25% reduction in funding for this program. Such a reduction in funding would drastically undermine the growing effectiveness of the parent training programs as well as continue critical shortages in a majority of states of qualified special education and related services professionals.

UCPA joins with CCDD in recommending that the Special Education Personnel Development Program receive $74 million in F.Y. 1987.

VOCATIONAL REHABILITATION BASIC STATE GRANT PROGRAM

Section 110 of the Rehabilitation Act authorizes the federal government to enter into partnership with states to provide rehabilitation services to persons with disabilities. As for most Americans, a major prerequisite to economic self-sufficiency for individuals with disabilities is a job. However, studies indicate that only one-third of youths with disabilities leaving school graduate to a job or some form of higher education. Of the approximately 12.9 million working-age persons reporting a work disability, only 4.2 million (or 32%) were working at the time of the 1980 census.

The State Grant Program is a most important source of funds for individuals with cerebral palsy and other disabilities. The goal of services offered by vocational rehabilitation agencies is to enable the disabled person to become gainfully employed. The President's request that funding for Section 110 be reduced to the F.Y. 1985 funding level would result in a continued weakening of the purchasing power of the rehabilitation dollar and a continued decline in the number of persons served and rehabilitated into employment. It is estimated that 85,000 fewer individuals would be served if the Congress accepts the Administration's funding level.

Since persons with disabilities represent the largest class of unemployed citizens in this country, UCPA is shocked and dismayed by such a recommendation. UCPA joins with CCDD and the Council of State Administrators of Vocational Rehabilitation in recommending an F.Y. 1987 funding level of $1.379 billion. The benefits of this appropriation will result in greater independence, productivity, social status, financial security and tax-paying status for thousands of disabled individuals.

INDEPENDENT LIVING

The "Rehabilitation Amendments of 1984" reauthorized Title VII of the Act which establisahed comprehensive services for independent living. The target population was those persons whose disabilities may be so severe that we have not yet developed the technology to tap their potential for employment, but who may benefit from services that may enable them to live and function more independently.

When Congress originally enacted State Services for Independent Living (Part A) in 1978, a funding level of $200 million was authorized. This amount was viewed as the minimum necessary to address the needs of individuals who have severe disabilities. In F.Y. 1986, Congress appropriated $11 million to "establish a sound basis for future additional funding." UCPA joins with CCDD in recommending that Part A of Title VII receive $30 million to begin to serve more adequately persons with the most severe disabilities.

UCPA is equally supportive of the Independent Living Centers funded under Part B of Title VII. These centers are presently serving more than 30,000 individuals with severe disabilities. Independent Living Centers are cost-effective alternatives to institutional care for people with disabilities. UCPA urges you to reject the President's request to return the program to its F.Y. 1985 funding level and approve an appropriation of $26 million which will allow for a modest growth in the number of Centers nationwide.

NATIONAL INSTITUTE OF HANDICAPPED RESEARCH (NIHR)

The National Institute of Handicapped Research funds research, training, and demonstrations at more than 100 educational institutions in both traditional and innovative fields of rehabilitation. UCPA continues to be concerned with the slow transfer of technology to the consumer. Much technology exists that could help disabled persons become employed and live more independently. Currently, NIHR is funding only one Rehabilitation Engineering Center (in Kansas) with a primary focus on employment issues.

UCPA urges the Committee to appropriate $49 million for NIHR in F.Y. 1987. This would include funding for a minimum of two new Rehabilitation Engineering Centers to demonstrate innovative models for the delivery of cost-effective rehabilitation engineering services to help meet the employment and independent living needs of individuals with severe handicaps.

JOB TRAINING PARTNERSHIP ACT

The Job Training Partnership Act (JTPA) provides employment training to persons with disabilities through the State Grant Program and through national projects funded by the Pilots and Demonstrations Account. Last year, seven national projects placed more than 5,000 individuals with disabilities in competitive employmemt. None of these seven projects focused their efforts on individuals with cerebral palsy. An increased funding level of this account would enable the Department of Labor to continue its support for the existing projects and initiate new demonstration projects.

UCPA is also strongly supportive of the state grant program. UCP affiliates in California, Maryland, Illinois and Connecticut are working closely with their local Private Industry Councils and providing critically needed vocational training and job placement services. However, nationwide UCPA is disturbed by the low percentage of individuals with disabilities who are being served by the Basic State Grant Program. Only 60,145 or 8.7% of the State Grant participants were identified as having disabilities during the 1984 program year.

UCPA joins CCDD in recommending $1.969 billion for the State Grant Program and agrees with the President's request for $40.7 million for the Pilot and Demonstration Account under Title IV. UCPA urges the targeting of a portion of the new dollars for a national project to serve persons with cerebral palsy.

DEVELOPMENTAL DISABILITIES STATE GRANT PROGRAM

The Developmental Disabilities State Grant Program provides funding to modify generic services or create specialized services to meet the needs of individuals with cerebral palsy and others with the most severe disabilities. UCP affiliates in ten states received funding during the past 24 months to demonstrate innovative housing, employment, or family-support service models that are now providing cost-effective alternatives to institutionalization.

The President has requested a 6% reduction from F.Y. 1986 appropriated levels for the State Grant Program. UCPA again joins with CCDD in recommending a modest increase to $56.5 million in funding for F.Y. 1987. These dollars will enable states to continue to make progress in assisting persons with developmental disabilities become more independent and productive in their home communities.

CONCLUSION

On behalf of UCPA, I want to thank the Subcommittee for providing us the opportunity to testify about federal programs that invest in human potential. Education, rehabilitation, job training and developmental disabilities programs provide opportunities for individuals with severe disabilitis to become more productive and self-sufficient. Only through these kinds of opportunities will our disabled citizens attain true independence and dignity.

STATEMENT OF VERNON E. HAWKINS, COUNCIL OF STATE ADMINISTRATORS OF VOCATIONAL REHABILITATION AND ADMINISTRATOR, DISTRICT OF COLUMBIA VOCATIONAL REHABILITATION SERVICES

Senator BURDICK. Our next witness will be Vernon E. Hawkins, administrator of the District of Columbia Vocational Rehabilitation Services Administration. Welcome to the committee.

Mr. HAWKINS. Good morning, Mr. Chairman. We'd like to thank you for this opportunity to appear before you on behalf of the Council of State Administrators for Rehabilitation Services. My name is Vernon Hawkins and I am the State director of the rehabilitation program here in the District of Columbia and am here representing some 80 other State directors throughout this country who have had the wonderful experience and opportunity to serve in the capacity and provide some public services to persons with disabilities.

I would like to officially submit for the record the testimony as prepared by the Council of State Administrators to be filed with the record, but what I would like to do is just orally speak to the committee this morning relative to the importance of the State Vocational Rehabilitation Program.

It has, in my opinion, become one of the most important public service programs for adult disabled persons in our country. Here in the District of Columbia I can tell you that were it not for the provisions of the Vocational Rehabilitation Act and those services provided to persons with disabilities, many of those persons would still be in independent living status; would not be into—would not have had the opportunity to move into the competitive employment and would still be homebound in many cases.

In addition to that, I would like to sincerely recommend to the committee that you support the authorizations as proposed by the Council of State Administrators in their testimony because the basic support program serves as the basic model for ensuring that services are provided both to severely disabled persons and those persons who are not as severely disabled.

Being the major public piece of legislation supporting persons with disabilities in this country, I urge you also to consider the appropriations recommended by the Council of State Administrators for ensuring that there's an adequately trained staff, and that specific attention be paid by the administration to the identification and training of persons to serve in the field. As we all know, providing services to persons with disabilities is one issue; identifying those persons to serve and provide those services is a secondary issue, and we must give good consideration as well to identifying and training those persons.

Third, Mr. Chairman, I would like to recommend to the committee full consideration of the authorization proposed by the council as it applies to the research area. We have made some tremendous inroads to ensuring that an area of rehabilitation—engineering—and other areas we have explored new methods of serving persons with disabilities. And we really—we sincerely support the recommendations proposed by the council for ensuring that there is appropriate research done in developing new methodologies for serving persons with disabilities.

Fourth, Mr. Chairman, I would like to recommend that in the area of special projects the council goes on record as supporting supported work as a methodology for providing services, not as one to replace, but a new method for providing services to the most severely disabled population, and would recommend authorizations as proposed by the council in its prepared testimony to look at the special projects over the next year to insure that we can investigate new methods for providing competitive and supportive work to persons with severe disabilities.

In conclusion, Mr. Chairman, I would like to just thank you on behalf of the 80 State directors for the continuing support that you have shown and this committee has shown in ensuring that persons with disabilities are provided with an opportunity to move into our mainstream life in this country For if it weren't for the kind of sensitivity provided by this body, many of those persons would not have had the opportunity to move into the mainstream of our society.

As a State director providing services and as a public servant, we urge you to continue the support that you have in the past. And I thank you so much for the opportunity to appear before you.

Senator BURDICK. How was the council created?

Mr. HAWKINS. The council was created—first of all, it was the National Rehabilitation Association, and many of the State directors as public servants saw a need to come together to try to focus on what we could do nationally in order to bring continuity across the country in the provision of services. So we came together as a body to try to provide some thinking across this country as to how we could streamline the program and provide continuity.

Senator BURDICK. Purely voluntary.

Mr. HAWKINS. Purely voluntary.

PREPARED STATEMENT

Senator BURDICK. Thank you very much. Your statement will be placed in the record.

Mr. HAWKINS. Thank you so much for the opportunity.

[The statement follows:]

STATEMENT OF VERNON E. HAWKINS

The Council of State Administrators of Vocational Rehabilitation is an association comprised of all of the chief administrators of the public rehabilitation agencies providing services to persons with disabilities in the fifty states, the District of Columbia, and our Nation's territories.

These agencies constitute the state partners in the State-Federal Program of Rehabilitation Services for persons with mental and/or physical disabilities, as authorized by the Rehabilitation Act of 1973, P.L. 93-112, as amended. This 65-year-old program is the major resource for, and the State Rehabilitation Agencies are the primary providers of, rehabilitation services to our Nation's citizens with disabilities.

The Rehabilitation Act is the most complete and well-balanced legislation in the human services field.

The primary focus of the Act is to provide services to persons with mental and/or physical disabilities, enabling them to re-enter the workforce or obtain employment for the first time, and to become independent of public assistance, health care, or family support. The provision of these services results in a direct savings to government, as competitive work generates increased tax revenue, and as decreased dependence saves public assistance and other expenditures.

In the Rehabilitation Act, provisions are included for (1) a comprehensive and individually-tailored program of rehabilitation services to physically and/or mentally handicapped individuals; (2) an innovation and expansion program; (3) a training program; (4) a research program; (5) a special projects program; (6) a rehabilitation facilities program; (7) an employment program; (8) and a comprehensive services program for independent living.

This balanced emphasis embodies the elements necessary for a successful rehabilitation program to be provided through a nationwide network of public and private, community-based, service providers.

VOCATIONAL REHABILITATION SERVICES: BASIC STATE GRANTS

Section 110

FY 1987 CSAVR RECOMMENDATION........$1,379,400,000
FY 1987 AUTHORIZATION......................PENDING

Basic State Grants are the lifeblood of the Vocational Rehabilitation Program. This section of the Act funds the provision of vocational rehabilitation services to eligible individuals with mental and physical disabilities.

These Federal dollars, matched with state money at a ratio of 80% to 20%, permit State Rehabilitation Agencies to provide, or contract with private organizations and agencies to provide, individualized, comprehensive services to persons with mental and/or physical disabilities, for the purpose of rendering these individuals employed and independent.

Such services may include evaluation; comprehensive diagnostic services; counseling; physical restoration; prosthetic devices; various kinds of training and training supplies; placement; tools and equipment; transportation; post-employment services; and any other service needed to rehabilitate an individual into employment.

The people served by the Program include, but are not limited to, those with heart conditions, blind persons, deaf persons, amputees, persons with mental disabilities, diabetics, mentally retarded persons, and/or persons who have other chronic, disabling conditions incurred through accident, illness, or

In the last year for which statistics are available, Fiscal Year 1984, the $1,037,800,000 appropriated for Basic State Vocational Rehabilitation served 936,180 disabled individuals, of which 225,772 were rehabilitated into employment.

Despite this expenditure, there still are not sufficient funds to serve all those eligible, disabled people who have the potential and desire to work and who need rehabilitation services to obtain employment and self-sufficiency.

Alarmingly enough, best estimates are that State Rehabilitation Agencies are able to serve only one out of every twenty people who are eligible.

To illustrate the declining resources available, the 1984 Report of the House Committee on Education and Labor, (98-298), states:

> "With economic factors alone considered, there was a 31 percent loss in purchasing power between 1979 and 1982. In real dollars, this amounted to a loss of $384,000,000."

State Rehabilitation Agencies, in carrying out the mandate of the Act to give priority of service to the rehabilitation of persons who are severely disabled, are finding that the costs, in time, effort and money, of serving this group are great -- much greater than the cost of rehabilitating the less severely disabled. This means that the Program is serving fewer people, while expending more money for adequate services, adequately-trained staff, adequate equipment, and adequate facilities.

In Fiscal Year 1985, 63.3 percent of all individuals served by State Rehabilitation Agencies were classified as "severely disabled" -- this is the highest percentage of persons with severe disabilities served in the history of the Program.

Unfortunately, the ability of the State Rehabilitation Agencies to provide necessary services is being impeded, due to declining resources and the costliness of serving persons identified as severely disabled (over 50 percent more costly than those to persons who are not severely disabled).

We urge the Congress to reverse this trend by appropriating funds based upon the need of persons with disabilities.

With these statistics in mind, and ever conscious of the vast need for services, the Council strongly urges that the Subcommittee provide appropriations for Basic State Vocational Rehabilitation Services in the amount of $1,379,400,000 for Fiscal Year 1987.

It is important to remember that the justification for higher funding levels stems from the purpose for which the money is spent--the prevention of an incalculable waste of human potential--a purpose on which no price tag can be placed.

Appropriating additional monies for Vocational Rehabilitation Services reduces the Federal Deficit.

Over the decades, Vocational Rehabilitation has more than paid for itself by helping persons with disabilities increase their earning capacity; by freeing family members to work; and/or by decreasing the amount of welfare payments, health services, and social services they might need; as well as by assisting them to become taxpayers.

The Congressional Budget Office has stated that "a reduction of funds for rehabilitation ... would generate increases in other parts of the federal and state budgets."

There is a return to Federal and state treasuries of ten dollars for every dollar spent for Rehabilitation Services, according to the Rehabilitation Services Administration of the Department of Education.

Funds appropriated for Vocational Rehabilitation are a sound investment of the Public's money.

COMPREHENSIVE SERVICES FOR INDEPENDENT LIVING (TITLE VII)

FY 1987 CSAVR Recommendation.........$61,500,000 (Parts A,B,C)
FY 1987 Authorization....................PENDING

Part A, of Title VII of the Rehabilitation Act, establishes a State Grant Program to provide Comprehensive Services for Independent Living designed to meet the current and future needs of individuals, with disabilities so severe they do not presently have the potential for employment, but who may benefit from rehabilitation services which will enable them to "live and function independently."

When Title VII was enacted in 1978, a substantial new service delivery system, under Part A, was envisioned with sufficient funds available to develop effective long-range plans and services. Such funds have yet to be appropriated by the Congress.

The existing Independent Living Centers, under Part B, have proven--and continue to prove daily--the effectiveness of, and the need for, full implementation of the independent living concept.

However, we need desperately to supplement the services provided by the Centers. This can be done by appropriating adequate funds for Part A, to allow for an equitable state distribution procedure, in addition to providing a continuing funding base for the Part B Centers for Independent Living and the Older Blind Individuals Program under Part C.

To accomplish this, the CSAVR recommends an appropriation for FY 1987 of $61.5 million for Title VII -- providing $30 million for Part A; $26 million for Part B; and $5.5 million for Part C.

TRAINING GRANTS (Section 304(e)

FY 1987 CSAVR Recommendation..............$32,000,000
FY 1987 Authorization.........................PENDING

The specialized Rehabilitation Professions, such as those in the areas of counseling, work evaluation, rehabilitation medicine, rehabilitation nursing, and rehabilitation facility administration, do not have long histories. In fact, they are the creations of the training programs under the Rehabilitation Act.

The Council believes that these programs should continue to receive support, so that progress may continue to be made in upgrading the quality of professional services to persons with disabilities, and to develop new positions which are emerging with respect to providing services to persons identified as severely disabled.

The most critical training problem now facing State Rehabilitation Agenices is the need to upgrade the skills of rehabilitation personnel currently employed by the Agencies.

With new technologies, and with the continued emphasis on the provision of services to persons with severe disabilities, there is a serious need for priority to be placed on In-Service Training for State Rehabilitation Agencies.

Since these training programs are so critical to the provision of quality services, and since they receive no major support from any other source, the CSAVR recommends that $32 million be appropriated under Section 304(e) for Fiscal Year 1987.

Money for Training is nothing less than an investment in increasing the quality of the provision of Vocational Rehabilitation Services to persons with mental and physical disabilities.

MONIES FOR DEMONSTRATION PROJECTS FOR SUPPORTED EMPLOYMENT

The Council wholeheartedly endorses the concept of Supported Employment and urges the Congress to continue adequate appropriations for National and State Demonstration Projects, in order that definitive information and statistics can be obtained relative to the costs, methods, factors, and universe of need involved in this effort.

Attached is a chart showing the recommendations of the CSAVR for the major Programs authorized by the Rehabilitation Act. While the CSAVR's Statement focuses on four major components of the Rehabilitation Act, the CSAVR supports adequate funding for all Sections of the Act, and wholeheartedly joins with the recommendations and rationale provided this Panel by other Organizatations and Advocates.

REHABILITATION ACT OF 1973, AS AMENDED
($ in millions)

Program	FY86 Appropriation	FY86 Post Sequestration	FY87 Authorization	Administration FY87 Budget	Recommendation
Basic State Grant	$1,190.0	$1,145.0*	Pending	$1,100.0	$1,379.4
Evaluation (Sec. 14)	2.0	1.914	Pending	.6	2.0
Training	27.0	25.839	Pending	15.0	32.0
National Institute of Handicapped Research	44.0	42.108	Pending	39.0	49.0
Innovation & Expansion	9.0	8.613	Pending	9.0	9.0
Independent Living					
Comprehensive State Services, Part A	11.0	10.527	Pending	---	30.0
Centers for Indepen. Living, Part B	23.0	22.011	Pending	22.0	26.0
Services to Older Blind Individuals, Part C	5.0	4.785	Pending	---	5.5
Service Projects:					
Client Assistance	6.7	6.4119	Pending	6.3	7.5
Special Demonstration Projects	20.2	19.33	Pending	14.6	30.6
Projects with Industry	15.2	14.5464	Pending	13.0	18.0
Special Recreation Programs	2.2	2.1054	Pending	---	4.5
Helen Keller National Center	4.3	4.1151	Pending	4.2	5.5
Archit. and Trans. Barriers Compliance Board	1.97	1.89	Pending	1.97	2.5

*This represents the cost of living reduction for section 110.

STATEMENT OF ROBERT BRABHAM, NATIONAL REHABILITATION ASSOCIATION AND CHAIRPERSON, COMMISSION ON GOVERNMENTAL AFFAIRS

Senator BURDICK. The next witness is Robert Brabham, chairperson, Commission on Governmental Affairs, National Rehabilitation Association. Welcome to the committee.

Mr. BRABHAM. Thank you, Senator Burdick. I'm not going to read you anything because we have already submitted that to you in writing, but I do want to comment on a couple parts of the National Rehabilitation Association's recommendations.

First of all, we support the recommended levels that you've heard earlier today in the regular 110 program, section 100, of $1.379 billion. I would add a quick comment about that. Almost $40 billion is being spent in benefits and payments and assistant programs, and we're talking about a little over $1 billion, so that quickly translates out. We're spending 98 percent of what we spend in benefits, and only about 2 percent in rehabilitation, and that doesn't make a whole lot of sense, in my opinion.

We would also remind you of the oil filter commercial; you can either pay me now or you can pay me later. We're going to pay for this bill in this country; we think it makes more sense to do rehabilitation than to continue payments on the tail end of that process.

We also support very much the recommended levels to training. The Congress has given us new challenges, new opportunities, and we're excited about those, and that's what keeps professionals going, but it makes no sense at all that the administration would recommend a 40-percent cut in training at a time when we have new challenges and new opportunities. So we strongly suggest to you that rehabilitation training ought to be funded at the $32 million level, considerably more than here.

We also feel very strongly about independent living.

Senator HARKIN [presiding]. Excuse me for the interruption. We have to change positions here a little bit.

Mr. BRABHAM. I feel like I'm preaching to the choir a little so it doesn't matter. We know about this committee's support of rehabilitation.

Senator HARKIN. We know about your support, too.

Mr. BRABHAM. Independent living, a title VII program. Contrary to some things that this committee is being told across town, it makes no sense at all to suggest that there is no need for independent living. I don't know whether Senators ever get discouraged or not, but if you ever want to go out and feel good, visit a rehabilitation center, and you see people benefiting from part A of independent living. Your advice on that was way off base. Believe me, you need to fund independent living. It means a lot to thousands of people.

We also suggest that part B funding be continued at $26 million. There are 160 rehabilitation centers being funded by that, and we urge that that funding be continued. We also suggest there is a need for part

C. We see to be in contradiction to some of the advice you're getting from across town.

Likewise, in rehabilitation research, the National Rehabilitation Association recommends at least $49 million be administered there. In a program with literally over $1 billion just in Federal funds, it makes little sense not to suggest that we would benefit from research. There's no company in this country that can run its programs and continue without also putting money into research.

Likewise, the service projects, particularly projects with industry. Those programs have been an example of bringing Federal and State government in cooperation with business, and we strongly recommend that the projects with industry be continued, and the recommended level is about $18 million for that.

And likewise in the area of evaluation, the Congress very wisely wants to know if things work. By definition, evaluation means to check that out. We would like to urge that this committee ensure some language that says evaluation means evaluate that which the Congress has approved, and it does not mean to experiment with some things that perhaps the administration would like to try. For example, the voucher program, similar to the proposals for public versus private schools. A voucher system for rehabilitation has not been approved by this Congress, and that is, in fact, a very real possibility, although you will be told that it is not, I suspect, from folks across town. Evaluation does not mean experimentation, and we would urge this committee include that kind of language.

Likewise, we strongly support the innovation and expansion grants.

And in closing, we would like to very much comment the committee and the Congress for its emphasis on and interest in rehabilitation engineering and rehabilitation technology. I think that holds exciting opportunities and possibilities for handicapped people in this country.

So generally, we're suggesting to you our recommendations. You have it there in writing. We're very appreciative of the support we get.

And in closing our last comment would be it seems that there's a little impetus and emphasis that's missing in some circles in this city, and not from the Congress, and we would hope that you could continue to give us the encouragement to hang in there and keep doing the things that we know make sense for this country.

We'd be pleased to answer any questions.

PREPARED STATEMENT

Senator HARKIN. Thank you very much for your testimony. I'm sorry I missed it all, but like I say, you are preaching to a choir. We're together on these things. I don't have any questions. Thank you very much for your testimony and for being here.

[The statement follows:]

STATEMENT OF ROBERT BRABHAM

Mr. Chairman, members of the Subcommittee, I am here today representing the National Rehabilitation Association, an organization whose purpose is to promote and support rehabilitation for persons with disabilities.

I would like to extend the sincere appreciation of the approximately 17,000 members of the National Rehabilitation Association and its seven divisions - the Job Placement Division, the National Association of Rehabilitation Instructors, the National Association of Rehabilitation Secretaries, the National Rehabilitation Administration Association, the National Association for Independent Living, the National Rehabilitation Counseling Association, and the Vocational Evaluation and Work Adjustment Association - to you and this Committee for your consistent and enlightened willingness to invest public funds in the nation's rehabilitation programs. Your past investments in these rehabilitation programs have returned significant dividends to our nation's taxpayers, and more importantly, to the persons with disabilities who receive rehabilitation services. Few, if any other programs funded by the Federal government consistently return so many benefits, both financial and personal, to all segments of our society.

The National Rehabilitation Association's recommended levels for programs authorized in the Rehabilitation Act, as amended, are as follows:

BASIC STATE VOCATIONAL REHABILITATION SERVICES PROGRAM - SECTION 100 (B) (1). Mr. Chairman, our primary request is that the Appropriations Committee make available for the Basic State Vocational Rehabilitation Services Program for Fiscal Year 1987, $1,379.8 million. It is ironical that we are here today amid the great outcry to reduce federal expenditures and yet a program such as Vocational Rehabilitation, which breaks the dependency lifestyle for thousands of handicapped individuals, has not been recognized as a means to the end we all seek to achieve. We must recognize that it makes good common sense to expend our limited federal funds on programs that contribute to society's long-term stability rather than to expend these limited funds in give-away and benefits programs which are so often detrimental to the individual and to society. Our society needs to realize that disabled citizens do not need to be "paid off" with cash programs. They need, instead, services that can make them contributing members of society. We need to offer the opportunity for those services which will lead to independence and will make our disabled citizens taxpayers in order that they can contribute to the support of our government while, at the same time, provide them the opportunity to enjoy self-esteem.

This country cannot afford to disregard the tremendous labor potential that rehabilitated, disabled individuals can provide. We hear a great deal about the need for increasing productivity in the American work place. Let us not then reduce funding for a program such as Vocational Rehabilitation that can provide competitive workers who can help balance our budget in future years. Any federal policy to the contrary is not in the best interest of this country nor is it in the best interest of these citizens. Nor is it in keeping with what the taxpayers of our country have expressed that they want to see -- less costly and more efficient government. Simply put, Mr. Chairman, this unique state-federal program is not a burden upon our taxpayers but instead is an investment in our future. I would also remind you that Vocational Rehabilitation is not a new program, but is one that has been tried and proven for more than sixty years and is a successful program that can be pointed to with pride.

Mr. Chairman in order to get our house in order and our priorities straight, let me point out some interesting figures that demonstrate what I am trying to say. It is estimated that payments for dependent, disabled persons now account for one out of every thirteen dollars in the federal budget. Almost $40 billion in federal funds now goes for disability related benefits, for such expenditures as public assistance, medical support and other related payments. Obviously, this is an area in which dramatic and impressive cuts can be made, but only if we are willing to help disabled citizens become self sufficient and independent. That can be accomplished, but only if we first invest in Vocational Rehabilitation programs which can develop the potential of those disabled citizens. Put another way, we currently spend only about 2% on Vocational Rehabilitation programs of the amount we pay out in benefits. This pattern must be changed if we are to have a future we can afford. Not only is Vocational Rehabilitation a wise investment, it may be the only alternative we can afford.

The National Rehabilitation Association's recommendation is considered to be the amount needed to begin to restore the purchasing power of the Rehabilitation dollar to its 1979 level. Because of scarce resources, State Vocational Rehabilitation Agencies are only able to serve approximately one out of every twenty individuals who need services. Millions of eligible people who could be served, are not served. People with mental and physical disabilities comprise a significant portion of the Nation's population - an estimated 36 million individuals. According to recent data from the National Center for Health Statistics, approximately 22 million individuals are disabled in such a way as to chronically limit their ability to function. The size of the disabled population is not static, but continues to grow -- through accidents, injuries, illness, and the occurence of individuals disabled at birth -- at an estimated rate of 50,000 annually. It is estimated that 85,000 fewer persons will be served in FY 1987, if funds for the Vocational Rehabilitation State Grants Program are reduced in FY 1987, as the President proposes.

In addition to the humane arguments for funding, Department of Education data have shown that the total State-Federal investment in Rehabilitation for any given fiscal year is totally paid off in four-years, due to increased tax revenues and decreased dependency on government services.

REHABILITATION TRAINING. NRA recommends that rehabilitation training programs, a critical element in providing services to persons with disabilities, be funded at $32 million for FY 1987. The quality and success of any direct service program is directly related to quality training for service providers charged with turning rehabilitation goals into realities. We cannot allow documented shortages in many rehabilitation professions to continue without lowering the overall effectiveness and success of the nation's rehabilitation programs. In addition, the Rehabilitation Counselors on the job need to have their skills constantly need updated. The bottom line, Mr. Chairman, is the need for resources in order to employ truly qualified, well-trained personnel to serve disabled persons in order to facilitate their entry or re-entry into the mainstream of American life. If this is to happen, then we must provide adequate salaries to pay them, we must give additional tools and knowledge to the many excellent counselors who are already working for our State-Federal programs, and we must work to ensure that adequate funds are made available to accomplish this. In order to provide the highest quality of rehabilitation services for persons with disabilities it is imperative that Congress provide $32 million for this program.

COMPREHENSIVE SERVICES FOR INDEPENDENT LIVING - TITLE VII. NRA recommends an investment of $61.5 million for the Independent Living Rehabilitation Services Program, Parts A, B, & C. This important component of the Rehabilitation Act was added in 1978.

When the Congress orginally enacted Part A, in 1978, a funding level of $200 million was authorized, and was viewed as the minimum amount necessary to address the needs of individuals who have severe disabilities. That great unmet need still exists.

For the first time, in FY 1985, the Congress appropriated funds for this Program. The $5 million appropriated in FY 85, and the $11 million in FY 86, are viewed as seed monies to "assist the State VR Agencies to use funds...to establish a sound basis for future additional funding of this activity." (S. Rept. 98-544). These monies are being used by each State to enhance or establish a framework for the provision of services to persons with the most severe disabilities. Now is the time for the Congress to appropriate sufficient funds for the establishment of a truly nationwide service delivery system under Part A. The National Rehabilitation Association recommends $30.0 million be appropriated for Part A.

Part B funds 160 centers throughout the country. The National Rehabilitation Association urges $26 million be appropriated to fund the program which establishes and operates center programs essential to up to 40,000 individuals with severe disabilities. Funding at the FY 1987 level recommended by the NRA would allow the establishment of up to 15 new centers, at an average grant of $200,000. Moreover, new funding would permit the expansion of independent living center services specifically for individuals who have previously been underserved by this program, including people with mental retardation or mental illness.

Part C appropriations in the amount of $5.5 million are requested to initiate independent living services for older individuals who are blind. Without these services older persons who are blind are often in jeopardy of unnecessary nursing home placement at a public cost averaging $18,000 per year. As the elderly population increases, the need for these services will grow as well. By the year 2000, the number of people over age 75 will increase by 6 percent. Persons who become blind at a young age can be expected, for the most part, to share in this longevity and Part C type services are needed to cope with the emerging needs of this population.

REHABILITATION RESEARCH. The National Rehabilitation Association recommends appropriations of $49 million in rehabilitation research as administered by the National Institute for Handicapped Research. We are entering a new era in our nation, one that is exemplified by remarkable technogical advances. One area NRA especially wants to applaud are the efforts to encourage the development and delivery of rehabilitation engineering technology to the consumer. These scientific and technical achievements can, and should, be brought to bear in the problems faced by our nation's persons with disabilities. Funding for rehabilitation research will pay direct dividends in future years as we discover more effective ways of meeting the needs of persons with disabilities and incorporate technological and scientific advances in our direct rehabilitation services program. A $49 million budget will enable the needed growth in center programs, support 40 new research grants to individuals, comply with Congress's intent to increase funds for expanded support of existing centers and additional field initiated research grants, and allow NIHR to work with the National Institutes of Health in developing medical research training to be funded, which was funded in FY 1986. In addition, Congress has expressed concern that the NIHR has not given sufficient priority to people with mild and moderate head injuries and has accordingly directed NIHR to aggressively seek proposals which address this area.

SERVICE PROJECT

Client Assistance Program. This newly restructured program is in its second full year of operation. It is designed to advocate for the rights of VR clients and to work cooperatively with the State vocational rehabilitation agency. The National Rehabilitation Association recommends an appropriation of $7.5 million.

Projects With Industry. The successful placement of persons with disabilities as wage earners and taxpayers in the private sector is an essential part of rehabilitation. The

National Rehabilitation Association recommends an appropriation in the amount of $18.0 million.

Other service projects that should receive full appropriations are:

Special Demonstration Project at $30.6 million.

Helen Keller National Center at $5.5 million.

Architectural and Transportation Barriers Compliance Board at $2.5 million.

Special Recreation Programs at $4.5 million.

EVALUATION. Section 14 of the Rehabilitation Act calls for the Secretary of the Department of Education to ascertain the impact of all programs authorized by the Act. The National Rehabilitation Association urges the Committee to restrict evaluation to only those programs authorized by the Congress. We urge the Congress not to let the Administration use these monies to test its new voucher experiment. The National Rehabilitation Association recommends an appropriation of $2 million.

INNOVATION AND EXPANSION GRANTS. The National Rehabilitation Association is excited about the restoration of funds for Innovation and Expansion Grants and that $9.0 million be appropriated in FY 1987 for this program. It is an appropriate and worthwhile Federal activity to encourage States to develop and implement innovative service delivery models. Through these modest efforts, the States can identify exemplary practices, and incorporate them throughout their entire services delivery system. A $9 million appropriation (half of the 1978 appropriation for this Program) would be an extremely wise investment.

CONCLUSION. The Rehabilitation Act of 1973, as amended, is one of the most complete well-written, and well-balanced pieces of legislation ever written. This program of Rehabilitation Services is a cornerstone in the governmental effort, at the Federal, state, and private sector levels, to assist Americans with disabilities in their efforts to achieve meaningful employment and self-sufficiency.

In one Act, provisions are included for a comprehensive, individually-tailored program of rehabilitation services to eligible physically and mentally disabled persons; a training program to fully prepare rehabilitation personnel; a research program to develop new techniques in providing services; a special projects program to target services to specific populations; a comprehensive services program for independent living for persons too severely disabled to benefit from traditional vocational rehabilitation services; and other specifically designed programs. The Rehabilitation Program signifies the Nation's recognition of its responsibility to provide disabled citizens with the opportunity to be a part of the mainstream of life as full participants.

The National Rehabilitation Association commends the U.S. Congress for its long history of progressive legislation and funding of rehabilitation programs. That Congress has responded positively to the rights and needs of persons with disabilities is at least in part because of its recognition that rehabilitation programs are a part of a stronger United States. We thank you and your colleagues in advance for appropriating funds for rehabilitation programs at the levels we have recommended in this testimony.

STATEMENT OF MARITA DANEK, SECRETARY/TREASURER, NATIONAL COUNCIL ON REHABILITATION EDUCATION

Senator HARKIN. Next we have Marita Danek, secretary/treasurer of the National Council on Rehabilitation Education [NCRE].

Ms. DANEK. Mr. Chairman, members of the subcommittee, ladies and gentlemen, my name is Marita Danek, I'm associate professor of rehabilitation counseling and director of the Rehabilitation Counseling Training Program at Gallaudet College. I am here to represent the views of the National Council on Rehabilitation Education, of which I am secretary/treasurer.

NCRE is a professional organization composed of educators, researchers, trainers, and students. Our mission is to provide quality education and training to the rehabilitation professionals who are or will be serving the rehabilitation needs of the portion of the estimated 36 million disabled Americans who are in need of rehabilitation services.

Over the years, NCRE has cooperated with the Rehabilitation Services Administration [RSA] and other Government agencies in terms of studies of our training mission and of the vocational rehabilitation of the State-Federal vocational rehabilitation system's needs. We are currently engaged in a long-term, 3-year, comprehensive study of the competencies required of rehabilitation professionals in various employment sectors serving disabled individuals.

I appreciate this opportunity to testify before your subcommittee, to place our full report with your committee and to make these few comments for the record. We support full funding for rehabilitation training, education, and research.

The needs of disabled individuals in terms of employment and independent living needs are obvious. Many major studies have indicated that persons with disabilities, relative to able-bodied persons, are more frequently unemployed, underemployed, undereducated, and have a lower standard of living. Most recently, a Harris poll indicated that two-thirds of the disabled individuals between the ages of 16 and 65 were unemployed.

The need for trained, qualified rehabilitation professionals to meet the employment and independent living needs of disabled Americans has never been greater. We all know that major labor market trends over the past decade have seen an increasing number of professional, scientific, and technical jobs that are available, and a concomittant decrease in the number of semiskilled and unskilled positions, particularly in business and industry. These trends indicate that the vocational assessment, counseling, and placement needs of disabled individuals are going to require more training on the part of the rehabilitation professionals who serve them, not less. There are more challenges ahead, not fewer.

Currently, there is a shortage of qualified personnel. This is a documented shortage. For example, less than 50 percent of the rehabilitation counselors who are currently employed in State rehabilitation agencies are qualified. That is, less than 50 percent are either certified as rehabilitation counselors or have a master's degree in rehabilitation counseling.

It is my opinion that services that are provided by an untrained, unqualified person are frequently more damaging—let me rephrase that—are frequently worse than no services at all. At best, they lull us into a false sense of security in which we think that we are doing everything that we can be doing when we are not.

Additionally, two major recent studies indicated—the Menz study in 1983 of rehabilitation facilities and the 1984 study commissioned by RSA, the rehabilitation manpower needs assessment—indicated a shortage of trained professionals. I personally conducted a study last year on the need for deafness rehabilitation professionals. Sixty-eight percent of the respondents to my study indicated that less than one-half of the individuals, the deaf individuals, in their geographic area who were in need—this isn't in the statement; this is off the record, I guess—less than one-half of the deaf individuals in their geographic area who were in need of services were actually receiving services. Lack of trained personnel was cited as the reason for lack of services by 31 percent of the respondents.

Due to these obvious current and projected rehabilitation manpower needs, we support full funding; that is, the Rehabilitation Coalition's request for $32 million, for rehabilitation training.

In summary, I would like to say that the President's request for $15 million is totally unacceptable. It would cut rehabilitation training by 50 percent and the net result would be a diminished capacity over the ensuing years to serve Americans with disabilities.

Thank you, Mr. Chairman, I stand ready to answer any questions you might have.

Senator HARKIN. What was the funding last year?

Ms. DANEK. $27 million.

PREPARED STATEMENT

Senator HARKIN. Going down to $15 million, is the President's request. Thank you very much for your testimony, we appreciate it very much.

[The statement follows:]

STATEMENT OF MARITA DANEK

Mr. Chairman, Members of the Subcommittee, ladies and gentlemen; my name is Marita Danek, Associate Professor of Rehabilitation Counseling (CRC) at Gallaudet College and Secretary/Treasurer of the National Council on Rehabilitation Education (NCRE). NCRE is an organization composed of rehabilitation educators, researchers, training specialists and students. Our mission is to provide quality education and training to rehabilitationists who are working with a portion of the estimated 36 million disabled Americans in the United States and the five trust territories. The National Council on Rehabilitation Education works in tandem with the American Rehabilitation Counseling Association (ARCA), the National Rehabilitation Counseling Association (NRCA), the National Rehabilitation Association (NRA), the President's Committee on the Employment of the Handicapped (PCEH), the Council of State Administrators of Vocational Rehabilitation (CSAVR), the National Council of State Administrators of the Blind (NCSAB), and other members of the Rehabilitation Coalition. Over the years our membership has assisted the Rehabilitation Services Administration (RSA) of the U.S. Department of Education by conducting surveys and studies related to our training mission and the needs of the State/Federal Vocational Rehabilitation Program. Many of our NCRE member institutions are conducting research with the support and participation of the membership to improve training and/or the delivery of services to disabled citizens. Currently, the NCRE organization is conducting a three-year, nation-wide research study of rehabilitationists which will influence the direction of training.

I appreciate the opportunity to testify before the Committee and to submit our statement for the record in support of full funding for rehabilitation education, training and research.

First, I would like to address the problems of the disabled Americans that we serve. Disabled Americans need rehabilitation services to live independent lives and/or find employment. In a recent Louis Harris and Associates Poll, two-thirds of disabled individuals between the ages of 16 and 64 are unemployed. Disabled Americans are much poorer than non-disabled Americans. Only 1 disabled adult in every 5 has taken some college courses compared with 1 in 3 non-disabled adults. Census data indicated the working population grew 20% between 1970 and 1980; during that same time period the number of people with disabilities - that is disabilities that would be a handicap to their employment - increased by 39%. With the advances of medical science, many disabled citizens are no longer dying from disabling diseases; however, many have extensive functional limitations. These limitations create more barriers to employment. The President's Committee on Employment of the Handicapped has indicated that as a group, disabled citizens do not have the same opportunities as non-disabled when competing for employment. Likewise, this limits their opportunity to live independent lives.

The "computerization" of America will compound the difficulties the disabled citizens have in getting and keeping jobs. The labor market trends of the next decade point toward more technical, scientific and professional jobs while unskilled and semiskilled jobs will decrease. College and/or technical training will be required for more entry-level positions. These requirements will place the disabled population at a disadvantage. The rehabilitation professionals will find job placement of the disabled more challenging than in past years. It is imperative that rehabilitation professionals are qualified to help disabled citizens in this changing labor market. For example, qualified rehabilitation professionals need to be knowledgeable of how robots in the work place influence the number and kind of jobs available. Because work has become less physical, does not make it more available to disabled citizens; the educational and technical skills often prevent disabled citizens from meeting the job requirements. Untrained or poorly trained professionals will not be able to meet these challenges, nor will the rehabilitation professionals who do not stay current through in-service or continuing education training. It is also a certainty that the rehabilitation needs of the disabled will not be met if there is a shortage of training monies or a shortage of rehabilitation personnel.

The President has recommended $15 million for training for the Fiscal Year 1987 under the Rehabilitation Act of 1973. The 1986 appropriations is $27 million and the Rehabilitation Coalition has recommended $32 million for 1987. The National Council on Rehabilitation Education supports the $32 million level of funding for Rehabilitation Training due to the current and future shortages of qualified rehabilitation professionals. The justification is as follows:

1. Fewer than 50% of rehabilitation counselors currently employed by state vocational rehabilitation agencies meet the definition of "qualified", i.e., they do not have a masters degree or are not certified (thereby impairing the quality of rehabilitation services).
2. The 1983 Menz Study of rehabilitation personnel needs of rehabilitation facilities, while employing an average of 23 rehabilitation professionals in 1980, projected the need for 43 such personnel by 1990 - an 87% increase in the need for trained, qualified personnel.
3. The published data of the Bureau of Labor Statistics shows shortages of rehabilitation professionals across the nation.
4. Shortages of qualified rehabilitation professionals were also indicated in the 1984 National Manpower Needs Assessment, commissioned by the Rehabilitation Services Administration (RSA).
5. Individual states reported similar results. In Washington State, for example, three manpower surveys

were completed in the last five years. The data from all three indicate a need for additional training for current staff and additional qualified rehabilitation professionals.

Disabilities present major barriers to employment and to independent living. These barriers can be overcome with the services of qualified rehabilitation professionals - functional professionals. Our experience and research evidence over the last thirty years demonstrate without a doubt that trained rehabilitation professionals are essential for an effective, efficient delivery of services to disabled citizens. The success of the rehabilitation program is dependent to a large degree on not only availability, but also on the maintenance of competent professionals. The President's 1987 request for $15 million would drastically reduce rehabilitation training (approximately 50%). This Presidential request would severely curtail pre-service and continuing education. The supply of trained rehabilitation personnel will be reduced by fewer graduates and the ability to upgrade the skills of employed personnel will be severely limited, diminishing the quality of the services to disabled citizens. The only way to guarantee that our disabled citizens receive services from qualified rehabilitation professionals who are kept abreast of current advancements is to provide full funding for rehabilitation education and training.

The National Council on Rehabilitation Education respectfully requests full funding for rehabilitation training. Mr. Chairman, NCRE is prepared to assist you and your Committee in any way possible to achieve our mutual goal of ensuring quality rehabilitation services to disabled citizens through the preparation of qualified rehabilitation professionals. On behalf of the National Council on Rehabilitation Education, thank you for this opportunity to explain the importance of Rehabilitation Training and its relevance to the rehabilitation of disabled citizens.

STATEMENT OF BERNARD GOULD, MEMBER, GOVERNMENTAL AFFAIRS COMMITTEE, ASSOCIATION FOR RETARDED CITIZENS

Senator HARKIN. Next is Bernard Gould, member of the Governmental Affairs Committee, Association for Retarded Citizens. Please proceed.

Mr. GOULD. It's a real pleasure for me to appear before you today on behalf of the Association for Retarded Citizens, ARC for short, which is an organization of 160,000 members throughout the United States, all of whom are dedicated to the continuing task of improving the quality of life of persons with mental retardation. We have submitted a written statement to the committee which I think is before you, but I'd like to add a couple of comments.

ARC is keenly aware of the vital role that the chairman of this subcommittee has played in literally saving our critical programs from being bludgeoned by the current administration, and we want to express our thanks to him for his diligence and strong advocacy on behalf of our Nation's citizens with mental retardation and other disabilities.

In regard to the fiscal year 1987 appropriations for programs most critical to persons with mental retardation, we can simply say keep up the outstanding effort that has already been expended on this program. We are strongly supportive of the chairman's pending legislation to expand Public Law 94–142's coverage to age 3, and the new early childhood initiative to serve children with disabilities from birth through age 2. We also know that you've secured sufficient funds to launch these programs in the recently adopted Senate budget resolution, as well as additional moneys to boost the Federal share to fund Public Law 94–142 services.

We can only say at this point, keep up the good work. On behalf of our children, we hope that you will prevail on all counts.

Same is true for the chairman's efforts to secure additional funding for the various programs under the Rehabilitation and Developmental Disabilities Acts. Those programs are essential to the future of many persons with mental retardation. We ask that they be funded at their fully authorized levels.

There's another program in particular that we want to call to your attention, and that is title XX, Social Service Block Grant Program. A significant portion of that program, I think about 15 percent, is spent by certain States to serve persons with disabilities, especially people with mental retardation.

The title XX social services, coupled with other programs such as supplemental security income, is one of the few federally funded programs available to States to provide community-based services to persons with developmental disabilities. Many States utilize a substantial portion of their title XX allocations to help finance group home living and other services such as extended sheltered employment for persons with mental retardation and other developmental disabilities.

The Federal Government has put few real resources behind its deinstitutionalization policy. Title XX remains one of the few meaningful programs to carry out that policy. Title XX should be increased as rapidly as possible to restore the program to its pre-1981 level. This would allow more citizens with mental retardation and other developmental disabilities to avoid being institutionalized and to save them from becoming dependent on other, more costly Federal programs.

This program requires an appropriation of $3.3 billion to restore this program to its preblock grant level. We know of hundreds of citizens, primarily adults, with mental retardation on title XX's waiting list in several States whose only hope for any service is through this program. While we recognize that the authorization level for this program must be increased to secure this appropriation level, we urge you and the Congress to do all you can to effect that increase.

Mr. Chairman, our written testimony contains numerous other recommendations for fiscal year 1987 levels for many programs of importance to persons with disabilities. We hope that they can all be met since they mean so much to persons with disabilities, to their parents and their other family members.

PREPARED STATEMENT

Again, I want to thank you for the outstanding efforts on behalf of citizens with handicaps that you have made. We sincerely hope that you prevail in convincing your colleagues to devote more of our Nation's resources to meet the needs of persons with mental retardation and other disabilities. Thank you.

[The statement follows:]

STATEMENT OF BERNARD GOULD

Mr. Chairman, Members of the Subcommittee, on behalf of the Association for Retarded Citizens (ARC), I would like to thank you for the opportunity to testify on the subject of Federal funding for programs affecting persons with mental retardation and their families. The ARC, with 160,000 members in some 1,300 local and state units, is dedicated to the continuing task of improving the quality of life of persons with mental retardation.

The ARC funding recommendations that follow are testimony to the progress that we, as a nation, have made in the last 25 years toward improving the lives of persons with mental retardation. The recommendations that we are submitting to you today are admittedly modest because we recognize that the current economic and political climate will only attend to moderate adjustments of the status quo. That should not be misinterpreted by Congress to mean that our recommendations represent appropriations levels that will, if enacted, completely meet the needs of persons with mental retardation. Indeed they will not.

The needs of persons with mental retardation and their families significantly exceed the current level of Federal assistance available to them. Today, thousands of persons with mental retardation and their families are waiting, waiting for their government to expand services so that they may receive them. We are talking about young babies and infants, born retarded, whose handicapping condition can be significantly ameliorated with infant stimulation and early childhood programs, yet access to such programs is rare due to lack of program availability. This is extremely short-sighted since such programs have proven to enhance the child's ability to become more independent and self-sufficient later in life, thus saving countless government dollars by avoiding costly and unwarranted institutionalization, lifelong income maintenance payments and other Federal programs and benefits.

The same is true for other vital services funded in whole or in part by the Federal Government that simply are not available to many eligible individuals with mental retardation.

For example, many have excellent potential for employment as adults but can't access Vocational Rehabilitation services, due to a shortage of funds by rehabilitation agencies. Their inability to obtain job training and thus not enter the world of work, not only shatters the self-respect of persons with retardation but is a terrible waste to society. These potential tax payers are relegated to be tax burdens, not because there are no jobs or that these persons are unable or unwilling to work but because our society has not prioritized utilizing these persons' potential and worth. Such occurrences are happening daily throughout our country and are quite sad and frustrating.

Thousands of persons with mental retardation languish in large, costly institutions because there's not enough money to develop less costly but much better programs to meet their individual needs in the community. Many adults with mental retardation still live at home with their aging parents since there are no community services to care for them. These aging parents live in constant fear of the day they will be unable to care for their dependent child. Their only option, without community-based services available, is institutionalization. That is an option that is dreaded, I assure you.

Mr. Chairman, these three little scenarios are very disconcerting to our members since it is their sons and daughters, brothers and sisters and friends who are on the short end of our nation's economic policies. Our members are clearly aware of the huge burdens facing this Congress and this Subcommittee as you attempt to implement the Gramm-Rudman-Hollings Federal Deficit Reduction Act. We are tax payers and we strongly support a sound economic policy leading to sizeable reduction in the deficit. We are equally strongly supportive that our nation's children and adults with mental retardation and other disabilities not be asked to shoulder a disproportionate burden to achieve this goal. Most of the Federal programs which serve this population are serving fewer people today than they did in 1979. This is not progress. We now anticipate even further reductions. What are these families to do?

Mr. Chairman, Members of the Subcommittee, the ARC appreciates your fine efforts in the past on behalf of persons with mental retardation. The funding recommendations which follow are a minimum of what is needed to simply maintain current service levels. Anything less than these figures will mean a cut in services to mentally retarded persons and their families. Any form of a freeze of appropriations will mean fewer services and longer waiting lists. We believe it is simply unfair to fund these critical programs at anything less than last year's service level. At a minimum, FY '86 pre-sequestration service levels must be maintained in the FY '87 appropriations, with an adjustment for inflation.

The attached chart lists the several programs which provide the bulk of services, benefits, prevention and research initiatives to assist persons with mental retardation. We urge the Congress to appropriate for these programs the sums contained in the right-hand column.

The ARC most strongly supports those programs which contribute significantly to the lives of persons with mental retardation and other disabilities. Although all of the programs contained in the chart are important, the Association for Retarded Citizens has prioritized the following programs contained within the Departments of Labor, Health and Human Services, and Education.

Education for the Handicapped State Grant (P.L. 94-142)

The ARC recommends an appropriation of $1.436 billion to enable school systems to receive 12 percent of the excess cost for educating a child with handicaps, thus returning to the reimbursement rate in 1979. More than 750,000 school-age children with mental retardation would profit from the special education services funded under this program.

Vocational Rehabilitation State Grant

The ARC recommends an appropriation of $1.379 billion to assist people who are retarded or have other disabilities and have employment potenti to be trained for jobs. Again, this appropriation would restore the purchasing power of the Vocational Rehabilitation program to the 1979 level. Thousands of individuals who are mentally retarded could become tax payers instead of tax burdens after receipt of vocational rehabilitation services.

Title XX Social Services Block Grant

The ARC recommends an appropriation of $3.3 billion to provide community-based services such as group home living, extended sheltered employment and respite services. Such services are key to the prevention of costly, unwarranted institutionalization. The Congress has to increase the current Title XX authorization level ($2.7 billion) to accommodate this increase.

Developmental Disabilities State Grant

The ARC recommends an appropriation of $56.5 million to fund the new employment service priority mandated by the Developmental Disabilities Act to be implemented in FY 1987. This small increase should allow this mandate to be met by the states without having to reduce other vital priority services (alternative community living arrangements, case management and child development).

Independent Living State Grant (Part A)

The ARC recommends $30 million to fund state-wide services to individuals with mental retardation and other disabilities whose disabilities are so severe as to preclude their eligibility for vocational rehabilitation services. Independent Living Services will prepare many individuals with severe disabilities to become more independent and self-sufficient.

Maternal and Child Health Block Grant

The ARC recommends an appropriation of $600 million to provide services to chronically ill and disabled children and their families and to needy and impoverished mothers. This appropriation would restore this program to pre-1980 levels. The Congress would have to increase the present authorization level ($478 million) to accommodate this increase.

Summary Table

	FY 1985 Appropria-tion	FY 1986 Enacted	FY 1986 Post Se-quester	FY 1987 Authori-zation	President's 1987 Re-quest	ARC Recom-mendation
DEVELOPMENTAL DISABILITIES PROGRAMS						
DD Basic State Grants	50.25	53.4	51.1	56.5	50.25	56.5
DD Protection & Advocacy Systems	13.75	14.6	13.97	15.5	13.75	15.5
DD University Affiliated Facilities	9.0	9.6	9.1	10.1	9.0	10.1
DD Special Projects	2.7	2.8	2.7	3.1	0	3.1
EDUCATION OF HANDICAPPED CHILDREN						
State and Local Grant Program (PL 94-142)	1,135.1	1,215.55	1,163.28	formula	1,135.1	1,435.6
Preschool Incentive Grants	29.0	30.0	28.71	79.8	31.0	47.9
Early Childhood Education	22.5	24.0	22.96	pending	22.5	28.3
Secondard Education and Transitional Service	6.33	6.6	6.32	pending	6.33	7.00
Postsecondary Education Programs	5.3	5.5	5.264	pending	5.3	6.00
Special Education Personnel Development	61.0	64.0	61.25	pending	48.0	74.0
State-Operated Programs (PL 89-313)	150.2	150.2	143.7	formula	150.2	167.0
Vocational Education	666.5	782.4	748.7	such sums	387.2	782.4
REHABILITATION RELATED SERVICES						
Vocational Rehabilitation State Grants	1,100.0	1,190.0	1,145.15	pending	1,100.0	1,379.2
Rehabilitation Training	22.0	27.0	25.84	pending	15.0	32.0
Comprehensive State Services for Independent Living - Part A	5.0	11.0	10.537	pending	0	30.0
Centers for Independent Living - Part B	22.0	23.0	22.01	pending	22.0	26.0
Independent Living Services for Older Blind Individuals - Part C	0	5.00	4.73	pending	0	5.50
Protection and Advocacy - Part D	0	0	0	pending	0	6.0
Special Demonstration Programs	14.64	20.20	19.33	pending	14.64	30.60*
Projects with Industry	14.4	15.2	14.5	pending	13.0	18.0
Special Recreation Programs	2.1	2.2	2.1	pending	0	4.5
Client Assistance Program	6.3	6.7	6.412	pending	6.3	7.5
National Institute of Handicapped Research	39.0	44.0	42.11	pending	39.0	49.0
Innovation and Expansion Grants	0	9.0	8.61	pending	9.0	9.0

Summary Table

	FY 1985 Appropriation	FY 1986 Enacted	FY 1986 Post Sequester	FY 1987 Authorization	President's 1987 Request	ARC Recommendation
BLOCK GRANT PROGRAMS						
Title XX Social Services Block Grant	2,725.0	2,700.0	2,583.9	2,700.0	2,700.0	3,300.0
Maternal and Child Health Block Grant	478.0	478.0	457.4	478.0	478.0	600.0
MCH Special Projects (SPRANS)	71.7	71.7	68.6	71.7	71.7	90.0
Child Abuse	200.0	207.0	198.10	266.0	200.0	266.0
Alcohol, Drug Abuse and Mental Health Block Grant	490.0	490.0	468.9	576.0	490.0	576.0
Alcohol, Drug Abuse and Mental Health State Planning	2.5	0	0	such sums	0	5.0
PREVENTION PROGRAMS						
Women's Infants' & Children's Supplementary Feeding Program	1,500.0	1,560.6	1,560.6	pending	1,617.0	1,632.0
Immunization Program State Grants	42.4	47.4	45.3	65.0	47.7	65.0
BIOMEDICAL AND BEHAVIORAL RESEARCH						
National Institute of Child Health & Human Development	313.3	322.3	295.8	such sums	309.1	377.0
National Institute of Neurological & Communicative Disorders & Stroke	396.89	433.36	414.73	such sums	399.35	505.0
National Institute of Mental Health Research	196.2	214.0	204.8	such sums	199.9	272.0
National Institute of Mental Health Research Training	18.0	18.0	17.2	such sums	15.8	27.6
National Institute of Mental Health Clinical Training	22.0	22.0	19.1	such sums	0	26.0
National Institute of Allergy & Infectious Diseases	344.34	356.72	341.39	such sums	330.55	459.98
SPECIAL CONCERNS						
Architectural & Transportation Barriers Compliance Board	2.0	1.97	1.89	pending	1.97	2.5
Child Welfare Services (Title IV-B)	200.0	207.0	198.10	266.0	200.0	266.0
Foster Grandparents Programs	56.1	56.1	53.7	58.7	56.1	58.7
Job Training Partnership Act - Block Grants	1,886.15	1,863.20	1,783.10	such sums	1,820.00	1,969.40
Job Training Partnership Act - Pilots and Demonstrations	20.7	20.7	19.8	such sums	40.7	40.7
Legal Services Corporation	313.0	305.5	292.4	pending	0	387.0
Mental Health Services Demonstrations	10.5	12.5	11.9	20.0	0.0	20.0
National Council on the Handicapped	.750	.765	.732	such sums	.850	.850
Project Head Start	1.075	1.087	1.040	pending	1.075	1.221

Summary Table

	FY 1985 Appropriation	FY 1986 Enacted	FY 1986 Post Sequester	FY 1987 Authorization	President's 1987 Request	ARC Recommendation
Small Business Administration Handicapped Assistance Direct Loans	20.0	20.0	19.2	pending	0	20.0
Mental Health Protection & Advocacy System	0	10.0	9.57	pending	0	11.0
HOUSING PROGRAMS						
Section 202 Direct Loan Program	597.0	631.0	603.9	pending	30.3	656.9
Section 8 Housing Assistance Payments	7,173.5	9,815.6	9,393.5	pending	2,000.6	10,218.0
Congregate Housing Services	4.10	2.67	2.56	pending	0	4.27
Community Development Block Grant	3,472.0	3,124.0	2,990.4	pending	2,124.8	3,252.1
Farmers Home Administration (Section 515)	903.3	700.0	669.9		0	728.7
FmHA Rental Assistance	116.0	167.5	160.3		0	174.4
FmHA Community Facility Loans	115.9	100.0	95.7		0	104.1
ENTITLEMENT PROGRAMS	FY 85 Actual	FY 86 Estimated		FY 87 Proposed Budget Current Law		Proposed Outlays
Social Security Disability Insurance	19,372.3	20,426.1		21,088.4		21,088.4
Supplemental Security Income	9,606.4	10,161.8		10,569.3		10,535.0
Medicare - Client Benefits	69,518.0	72,716.0		79,587.0		77,528.0
Medicare - Total	71,398.0	74,572.0		81,543.0		79,479.0
Medicaid - Client Benefits	21,393.0	23,401.0		24,750.0		23,620.0
Medicaid - Total	22.664	24.686		26.098		24.708
Food Stamps	11,701.0	11,733.0*		11,820.0		11,504.0
Foster Care	517.1	507.6		583.3		544.3
Adoption Assistance	35.4	41.9		59.9		59.9

*includes sequestration of administrative cost

Senator HARKIN. Thank you very much, Mr. Gould. I wanted to ask you, the Association for Retarded Citizens, you're involved in all phases; you're involved from the very young to the very old, right?

Mr. GOULD. From birth.

Senator HARKIN. Right on through.

Mr. GOULD. That's right. We have clients up to age 70 and later.

Senator HARKIN. And you're involved right down on the local level. I know we have associations at our local level in Iowa. What—in your own words, what's happened in the last few years in terms of how we are looking at treating our—I don't want to say our young retarded, but those that have been through some form of training periods like sheltered workshops and things like that. What's happened to our sheltered workshops? Are they still as active as they were when I knew them 10 years ago or so?

Mr. GOULD. No, Senator; they are tending to become outmoded in the sense that we're attempting to provide a more real type of employment environment for those persons, rather than being oversheltered, overprotected. We try to give them a supported type of employment experience. That is to say, those who are capable of doing so are attempted to be placed in competitive employment, along with some additional member that works with them to see that they can handle the job and can progress in the manner in which we think they can. And this is the more modern approach to that situation.

And supported employment as it's called is on the rise in a number of States, including my State, the State of Maryland. And we find it's a very valuable adjunct to helping the person to become capable of surviving in a competitive employment situation.

Senator HARKIN. This is replacing sheltered workshops?

Mr. GOULD. To the extent that we can do that, yes, we attempt to do that. Sheltered workshops still exist, and they do in my State as well, but as I say, the more modern effort is to get them into a more independent status.

Senator HARKIN. The last thing is, what happens to retarded citizens after they've reached an elderly age where they go into a retirement home or something like that. Are they still segregating them or are they putting them right in with other people in retirement homes, nursing homes? They have special needs, people don't understand them. What's happening there?

Again, in the past, many of these people were put in special locations.

Mr. GOULD. When they require—mental retardation is not an illness; it is a developmental disability along with many other types of developmental disabilities. We ourselves maintain those people until their last days in normal group home, community living situations.

That's true that when they have some medical implications, some medical problems, they may be placed in the hospital or a nursing home where that is necessary, as with any other citizen. But other than that medical complication, they would be maintained in the normal living situation. As I said, we've got people in their seventies.

Senator HARKIN. I just wondered what changes were taking place. Thank you very much.

STATEMENT OF ROBERT DAVILA, PRESIDENT-ELECT, CONFERENCE OF EDUCATIONAL ADMINISTRATORS SERVING THE DEAF, INC.

Senator HARKIN. The next witness is Robert Davila, president-elect of the Conference of Educational Administrators Serving the Deaf from Silver Spring. Good morning.

[Senator Harkin and witness signing.]

Mr. DAVILA. Mr. Chairman, thank you for the opportunity to come before you and this committee. I am here for the Conference of Educational Administrators Serving the Deaf. Our organization was founded in 1869 and is an organization of schools and programs which provide educational services to deaf persons. Among its member organizations are a number of State-operated schools and programs receiving chapter I Education Consolidation and Improvement Act [ECIA] funds. The conference is active in developing and administering standards and services related to the education of the deaf.

We appreciate this opportunity to discuss our concerns regarding appropriations for programs authorized under chapter I, ECIA. Our statement is limited to the program as it relates to services for deaf students.

Mr. Chairman, we urge you and your committee to support a funding level of at least $167 million. We urge that the goal should be appropriate support for both Public Law 94–142 and chapter I, ECIA.

The administration has used, in part, an equity argument for reducing funds to the chapter I programs, an argument that funding should be more like the level of funding under Public Law 94–142. It would appear that Congress did not conceive of the program in relation to Public Law 94–142 and that it would not be appropriate to do so now. The equity argument does not appropriately take into account what may be systematic differences in populations served. If programs for the deaf are considered, there are a variety of population differences which may warrant increased allocation of resources to State-operated programs. The student population in centers or residential schools is older, more severely handicapped, and less successful in finding appropriate postschool placements.

Our organization is strongly supportive of the goals of Public Law 94–142 which include the promotion of a full range of educational service delivery options within which the State-operated programs, including center and/or residential schools, play an important role. The programs tend to represent appropriate placement options for a substantial proportion of deaf students who cannot be served adequately by local programs. Continuity of chapter I support can assist these schools to better serve these students.

Mr. Chairman, we would like to have the committee be aware of the following: One, important services are delivered to deaf students and their parents through the chapter I program; two, in education of the deaf, chapter I, Public Law 89–313, funding has been an important source of change and improvement; and three, if appropriations levels are affected by the Balanced Budget Act of 1985, it will have a significant negative impact on the lives of numerous deaf children and their parents.

Mr. Chairman, it is important to note that the Public Law 89-313 program has been responsible for significant innovations in programs for the deaf.

We would like to express our support of the recommendations of the National Rehabilitation Coalition, of which we are a member. The programs included under the Rehabilitation Act of 1973, which includes needed services for the hearing impaired, provide disabled citizens with the opportunity to be a part of the mainstream of life and act as full participants.

PREPARED STATEMENT

Mr. Chairman, I want to thank you again for the opportunity to come before this committee and present this testimony. Thank you very much.

[Senator Harkin and Mr. Davila signing.]

[The statement follows:]

STATEMENT OF ROBERT DAVILA

The Conference of Educational Administrators Serving the Deaf [CEASD] was founded in 1869 and is an organization of schools and programs which provide educational services to deaf persons. Among its member organizations are a number of State-operated schools/programs that are recipients of chapter I (Education Consolidation and Improvement Act, 1981) funds. The conference is active in developing and administering standards for services related to education of the deaf. We appreciate this opportunity to discuss our concerns regarding appropriations for programs authorized under chapter I, ECIA. Our statement is restricted to the program as it relates to services which benefit deaf students.

Mr. Chairman, we urge you and your committee to support nothing less than 1 5-percent increased funding level of at least $167 million. We urge that the goal should be appropriate support for both Public Law 94-142 and chapter I, ECIA.

The administration has used, in part, an equity argument for reducing funds to the chapter I programs; an argument that funding should be more like the level of funding under Public Law 94-142. It would appear that Congress did not conceive of the program in relation to Public Law 94-142, and that it would not be appropriate to do so now. The equity argument does not appropriately take into account what may be systematic differences in populations served. If programs for the deaf are considered there are a variety of population differences which may warrant a disproportionate allocation of resources to State-operated programs. The student population in center or residential schools is older, more severely handicapped and less successful in finding appropriate postschool placements.

Our organization is strongly supportive of the goals of Public Law 94-142 which include the promotion of a full range of educational service delivery options within which the State-operated programs, including center and/or residential schools, play an important role. The programs tend to represent appropriate placement options for a substantial proportion of deaf students who cannot be served adequately by local programs. Continuity of chapter I support can assist these schools to better serve these students.

Mr. Chairman, we would like to have the committee be aware of the following: One, important services are delivered to deaf students and their parents through the chapter I program; two, in education of the deaf, chapter I (89-313) funding has been an important source of change and improvement; and three, if appropriations levels are affected by the Balanced Budget and Emergency Deficit Control Act of 1985, it will have a significant negative impact on the lives of numerous deaf children and their parents.

Mr. Chairman, it is important to note that the Public Law 89-313 program has been responsible for significant innovations in programs (for the deaf). Included among the many programs initiated by Public Law 89-313 funding are: in-service training; parent education; services for the multihandicapped; computer assisted instruction; orientation and mobility training; psychological services; perceptual motor diagnostic; and residence hall teacher program.

Mr. Chairman, we again urge your support of at least $167 million as an appropriate and needed appropriations level for the chapter I program for the handicapped.

We would also like to express our support of the recommendations of the National Rehabilitation Coalition, of which we are a member. The programs included under the Rehabilitation Act of 1973, which includes needed services for the hearing impaired, provide disabled citizens with the opportunity to be a part of the mainstream of life and act as full participants.

Thank you very much.

Senator HARKIN. What is the Conference of Educational Administrators Serving the Deaf, Inc.?

Mr. DAVILA. We are a national organization of administrators of programs for deaf persons in educational settings that includes hundreds of school programs, State-supported programs, and postsecondary school programs as well.

Senator HARKIN. For what ages?

Mr. DAVILA. All ages; from preschool all the way through college. Community college, for example, has membership in our organization. It's a college level program but also has many schools and programs around the country.

Senator HARKIN. Where do you get money?

Mr. DAVILA. We are a private organization with a national office in Silver Spring, MD. We have been in operation since 1869. We are the oldest professional organization in the field of deafness in this country; I am the first deaf person to be elected president.

Senator HARKIN. Do you work with the State schools for the deaf?

Mr. DAVILA. They are members of our organization as well. We just last week completed our national annual meeting in New York, and we had several hundred members there in attendance.

Senator HARKIN. Are deaf students learning computer skills?

Mr. DAVILA. Yes; I am administrative officer at Gallaudet College for the elementary school and the secondary school for the deaf, and we have in place now networks of computers that link many schools and programs around the country. We find that computers are really in use now and usage is increasing.

I think the support we gave them has been able to induce a course in developmental schools and programs.

Senator HARKIN. Is that true for State schools, too?

Mr. DAVILA. Yes, sir; they receive a lot of services from us as well.

Senator HARKIN. Give me more information. You can send it to me.

Mr. DAVILA. Surely, I will do that. I will prepare a packet of materials for you.

Thank you very much.

Senator HARKIN. Thank you.

STATEMENT OF ELIZABETH R. McANARNEY, M.D., MEMBER, MARCH OF DIMES ASSOCIATION AND PROFESSOR OF PEDIATRICS, UNIVERSITY OF ROCHESTER, NEW YORK

ACCOMPANIED BY ANNE HARRISON-CLARK, MARCH OF DIMES

Senator HARKIN. Next is Elizabeth is McAnarney, M.D., member of the March of Dimes Association and professor of pediatrics, University of Rochester, New York. Welcome to the committee.

Dr. MCANARNEY. Thank you very much. Mr. Chairman and members of the committee, I am Elizabeth McAnarney, professor of pediatrics at the University of Rochester Medical Center, and a member of the Public Health Advisory Committee of the National March of Dimes. On behalf of the March of Dimes, we are submitting a complete statement for the record.

Medical research and preventive health care programs are a vital and effective means to save lives and money. The March of Dimes recommends strongly that the Federal Government continue adequate funding for childhood immunizations, medical research, and quality prenatal care.

The Childhood Immunization Program is extremely cost effective. By vaccinating our children against polio, the United States saves $1 billion annually; that is, our society this year recovered $10 for every $1 invested.

By vaccinating our children against measles and rubella, the United States saves $500 million annually; a cost-effectiveness ratio of $14 for every $1 spent. Since 1963, the use of this vaccine has saved 5,900 lives, spared 19,500 children from mental retardation, and prevented 59 million cases of measles.

The March of Dimes advocates an increased appropriation for the Childhood Immunization Program which takes into account the dramatic rise of vaccine prices, and which provides for a 6-months' stockpile of vaccine.

Public health accomplishments such as the vaccination of our Nation's children would never have been possible without defects is extremely complex. In this effort, adequate support of the research programs of the National Institute of Child Health and Human Development, or NICHD, is critical. NICHD in 1984 began an expanded research program to prevent low birth weight, the major cause of infant mortality.

We are concerned about the cuts in NICHD's budget; about $14.9 million. As a result of these cuts, only 7 of 10 proposed maternal and fetal care units will become operation. And of the 10 proposed neonatal intensive care research units, again, only 7 will become operational. We stand strongly in support of sufficient funding for NICHD, including the perinatal emphasis research centers, and we urge an increase of at least 15 percent for National Institutes of Health funding.

And we thank you for your leadership in re-establishing sufficient health research funds at the Senate budget resolution.

In the area of research to improve the health of our children, private organizations such as the March of Dimes cannot make up for the proposed cuts. We are also supportive of full funding of prenatal care programs to assure mothers and their infants optimal care and thus prevent low birth weight.

PREPARED STATEMENT

Again, the March of Dimes goes on record as thanking you, Mr. Chairman, for protecting the health of our Nation's children and for understanding the importance of medical research and the implications of preventive programs such as the immunization and prenatal care programs.

I thank you very much.

[The statement follows:]

STATEMENT OF ELIZABETH R. MCANARNEY

Mr. Chairman and members of the committee, I am Dr. Elizabeth McAnarney. I am professor of pediatrics at the University of Rochester Medical Center in Rochester, New York.

Thank you for the opportunity to express my views, and those of the March of Dimes Birth Defects Foundation, on the importance of preventive health care initiatives to the lives and health of our nation's children. The March of Dimes appreciates your concerns regarding the need to reduce the federal deficit, and understands the impetus for planned cuts to avoid the automatic sequestration provision of the Gramm-Rudman-Hollings balanced-budget law. In an era of budgetary restraints, society must scrutinize spending programs carefully -- investing in those that protect our nation's health and those that will, in the long run, save taxpayers money. It is imperative for the federal government to provide continued adequate funding for childhood immunizations, medical research, and quality prenatal care. Failure to do so will cost much money and many lives.

CHILDHOOD IMMUNIZATIONS

First let's examine the cost effectiveness of childhood immunizations. Today, more than 95 percent of school-aged children are vaccinated against the preventable diseases of childhood. Funding of the immunization program through the Centers for Disease Control (CDC) provides grants to states to plan, organize, and conduct immunization activities and to purchase vaccines for use in public clinics.

In its 20 years, this program has dramatically reduced the incidence of all the infectious diseases against which it has been targeted.

By vaccinating our children against polio, the U.S. avoids $1 billion annually in economic losses. That means that this year our society saved $10 for every dollar it invested in the program.

Since 1963, more than 59 million cases of measles have been prevented through vaccination. More than 19,500 children have been spared congenital rubella syndrome -- exposure to rubella in the womb and a life spent mentally retarded, deaf, blind, or all three. The lives of more than 5,900 children have been saved.

Using measles and rubella vaccine, the U.S. saves $500 million per year. This is a cost-effectiveness ratio of $14 saved for every dollar spent.

Unfortunately, as we review these impressive figures, the financial and human savings from the childhood immunization program are in jeopardy. In the budget for fiscal year 1987, the administration has proposed $56 million in funding, a decrease of $3.6 million from the level approved in fiscal year 1986. In addition, the program has lost $2.6 million as a result of the fiscal year 1986 Gramm-Rudman-Hollings automatic cuts. These cuts already force states to make life and death decisions about vaccines.

The 1987 budget proposes no funds to stockpile reserves of vaccines, and the vaccine supply is precarious.

The childhood immunization program has been a major accomplishment in public health. We urge you to advocate an increased appropriation that takes into account the rise of vaccine prices and we urge you to support a six-month stockpile of vaccine.

MEDICAL RESEARCH

Recent public health accomplishments, like protecting our children from infectious disease through immunization, would never have been possible without years of basic medical research.

The March of Dimes is concerned that a lack of funds for National Institutes of Health (NIH) medical research will stall progress in combatting birth defects, our nation's single largest child health problem. Birth defects include an abnormality in a body's structure or its ability to function, whether genetically determined or as a result of environmental influence. Birth defects also result from children being born too small or too soon. Every year, 250,000 babies in this country are born weighing less than 5 1/2 pounds. Two-third of all infant deaths occur among these LBW babies. Among survivors, the incidence of handicap is high.

The prevention of birth defects is a staggeringly complex task. In this effort, it is crucial to adequately support the research programs of the National Institute of Child Health and Human Development (NICHD). The proposed budget will adversely affect NICHD programs to prevent low birthweight and infant mortality, our nation's most devastating child health failure. The United States' international ranking in infant mortality--eighteenth in the world -- is a tragic betrayal of our commitment to the health of our people. Nearly 11 of every 1,000 infants born in this country never live to see their first birthday.

To improve this dismal record, NICHD in 1984 began an expanded research program to prevent low birthweight.

Budget cuts already have undermined the program. In the 1986 Gramm-Rudman-Hollings cuts, $236 million was slashed from NIH, $14.9 million from the NICHD. Of 10 proposed maternal and fetal care research units, only seven will become operational. Of the ten proposed neonatal intensive care research units, again, only seven will become operational.

Private organizations cannot make up for these cuts. As an indication of the impact, the money lost from NICHD in the 1986 Gramm-Rudman-Hollings cuts is greater than the entire annual esearch budget of the March of Dimes.

We recommend that NIH be funded at a level to support 6,100 grants, the number set by Congress in last year's reauthorization bill. We strongly support sufficient funding for NICHD and its many vital programs, including the perinatal emphasis research centers, and we therefore urge at least a 15 percent increase in funding of NIH.

PRENATAL CARE

Medical research has documented the effectiveness of one strategy to prevent infant death. After analyzing numerous studies, the Institute of Medicine concluded that the prevention of low birthweight could significantly reduce infant mortality in the United States and, more generally, improve child health.

The March of Dimes agrees with this finding. Early and regular prenatal care reduces the incidence of low birthweight, neonatal death, and other complications of pregnancy. Unfortunately, in 1983, five percent of all white mothers and 10 percent of all black mothers in this country received delayed or no prenatal care.

If society adequately funds prenatal care, we will not have to wait even one year to reap the benefits. A recent California study compared initial hospitalization costs between high-risk women who received prenatal care and those who did not. After paying for all prenatal care costs, and the mothers' and infants' hospital bills, there was a net savings of $2,194 per delivery by providing prenatal care. That is amazingly cost effective. A congressional staff report estimates that, nationwide, the federal government could save more than $361 million per year simply by providing comprehensive prenatal care to all low-income women.

This does not include the savings in infants' lives. And it does not include the long-term savings in costs of caring for low-birthweight infants who survive. Prenatal care visits cost about $600 per patient. Life-long institutional care for a developmentally disabled child costs between $300 thousand and $1 million.

We support the $100-million Medicaid program to combat infant mortality, which is part of the Senate Budget Committee's resolution. We recommend full funding for prenatal care programs, including the funding of Medicaid and Maternal Child Health block grants at the fully authorized levels.

In summary, I believe that cuts in preventive health programs -- childhood immunization, medical research, and prenatal care -- are medically and socially irresponsible. Worse, they are economic mistakes. I'm not just talking about the lives and health of our children. And I'm not just talking about the long-term investment, the dollars that ensure the next generation will become healthy, productive citizens. I'm talking about savings for this year -- savings that we have the power to realize in Fiscal Year 1987.

Thank you.

Senator HARKIN. I know you're thanking the chairman, who is sitting here——

Dr. MCANARNEY. And the committee. Thank you.

Senator HARKIN [continuing]. Because he is the one who has taken charge of this. I just happen to be sitting here right now.

But March of Dimes is an organization that I would say the vast majority of American people are aware of. They are very supportive of it. You have a very high level of acceptability and support among the American people?

Dr. MCANARNEY. Visibility, yes.

Senator HARKIN. Visibility. You just mentioned one little thing here that's been getting my attention more and more lately and that's the rise in vaccine prices. I'm just wondering if the March of Dimes has done anything to look into that or to publicize this, to get the public's awareness of the rise in vaccine prices.

Dr. MCANARNEY. I think we're all concerned about this. In terms of the actual March of Dimes' efforts on this behalf we can get that information for you specifically. From within certainly other organizations, particularly pediatricians, of which I am one, we're very concerned about this because it means that the price of vaccines may far outreach the ability of families to pay for appropriate immunization of their children. And this concerns us all very greatly.

Senator HARKIN. This came up once before here in a committee hearing, and I was just alarmed at the tremendous increase in vaccine prices And I've asked the question and I can't seem to find an answer—is it because of lack of material, or is input cost going up? And I can't seem to get a handle on why they're going up so much.

Ms. HARRISON-CLARK. With all due respect, Senator Harkin, it also has to do with the liability issue.

Senator HARKIN. The liability insurance issue?

Dr. MCANARNEY. Yes; I was just going to mention that.

Ms. HARRISON-CLARK. Yes.

Dr. MCANARNEY. And in fact, I think the number of manufacturers also has decreased because of this very fact, so there are fewer people and there's less availability of the vaccines.

Senator HARKIN. That's right, I remember the liability issue now. It comes back to me. It's true.

Thank you very much.

Dr. MCANARNEY. We thank you very much for this opportunity.

STATEMENT OF MARTIN A. ADLER, DIRECTOR, HELEN KELLER NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

ACCOMPANIED BY MICHELLE SMITHDAS, ASSISTANT INSTRUCTOR, HELEN KELLER NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

Senator HARKIN. The next witness is Michelle Smithdas, assistant instructor at the Helen Keller National Center for Deaf-Blind Youths and Adults, in New York.

PREPARED STATEMENT

Mr. ADLER. Mr. Chairman and Senator Harkin, my name is Martin Adler, we have already submitted our written testimony in regard to reauthorization and funding for the Helen Keller National Center for Deaf-Blind Youths and Adults.

I have asked one of our assistant instructors in communications, Mrs. Michelle Smithdas, to talk about the needs of deaf-blind Americans. Thank you, sir.

[The statement follows:]

STATEMENT OF MARTIN A. ADLER

Thank you for inviting us to testify before the Subcommittee in regard to our request for the reauthorization of the Helen Keller National Center for Deaf-Blind Youths and Adults. My name is Martin A. Adler and I am the Director of HKNC. I am also accompanied by Mrs. Michelle Smithdas, former client and currently assistant instructor at the Helen Keller National Center.

HKNC is operated by the Board of Trustees of what was formerly The Industrial Home for the Blind (IHB) and is now the Helen Keller Services for the Blind under an agreement signed in 1969 with the United States Department of Health, Education and Welfare. The authorization for our operation is now contained within Title II of the Rehabilitation Amendments of 1984. We operate under the general supervision of the Rehabilitation Services Administration. The Center's headquarters is located on a 25-acre wooded site in Sands Point, New York. The training, research and Administration building, as well as the residence building, are specially designed and equipped to meet the accessibility and safety needs of clients served.

Though the Helen Keller National Center has been in operation since 1969, it became operational in its new Sands Point, N.Y. facility in 1976. For several years there was the process of managing the growth, development, provision of services to the deaf-blind, training of staff and developing a conceptual and operational framework of delivering services to deaf-blind persons, their families and agencies. A complete framework of a service delivery system had to be developed without precedent and/or based upon previous operating models. Now, a full national system is in place and has been providing comprehensive services to the estimated 40,000 target population, their families, and agencies. HKNC has developed a field service system that has provided over $1.2 million to agencies, both public and private, enabling them to develop local service delivery programs for the deaf-blind. Training for hundreds of professionals in the field and at headquarters in modalities applicable to the deaf-blind has been accomplished as well as providing direct services to hundreds of deaf-blind individuals and their families through our ten regional offices.

The HKNC evaluation and rehabilitation program at the headquarters site continues to meet and fulfill the original congressional mandate. We have demonstrated that most deaf-blind persons can participate in the rehabilitative process and achieve notable improvement. About 43% of clients who received training at headquarters are currently in some form of remunerative employment. Most others have achieved a level of adjustment that enables them to reside outside of institutional care. Families have a greater feeling of hope that their deaf-blind son or daughter can now communicate more effectively, relate and care for many of their own basic needs. Our field services have stimulated many states (about 17) to develop programs and coordinating staff to work with the deaf-blind. Our National Training Team and Technical Assistance Team have provided training opportunities for hundreds of professionals. The HKNC Affiliation Network System has provided funds and direction for some 26 state and private agencies to start or expand programs for the deaf-blind. Our outreach services in the field and expanded services at headquarters have resulted in an explosion of interest throughout the country, both on a public and a private level, to develop services for deaf-blind individuals. Thus, our purpose and one of our original mandates had been achieved, i.e. to demonstrate that rehabilitation can be successful with deaf-blind individuals.

The methodologies developed within the HKNC Service Delivery System have positively impacted on the rehabilitative approaches and techniques of some other severely handicapped adult groups. Perhaps the most significant carry-over has been to stimulate agency administrators and staff to expect more positive results in their work with other severely handicapped individuals. It is not infrequent for staff participating in seminars or receiving technical assistance to transfer a helpful method in working with deaf-blind to their target population. Our Technical Assistance Team has documented this carry-over relationship in almost all of their workshops. For example, the areas of carry-over have been related to our techniques in developing community based housing, funding, training of staff and community response. Another area has been the modalities utilized in preparing handicapped individuals for community living through Independent Living Centers. Our systems have supported and improved those institutional systems working with the severely mentally retarded and other developmentally disabled groups.

The recreation and leisure time craft techniques developed at HKNC have been implemented in numerous institutions where their population functions on levels similar to many of our clients. Home economics for the deaf-blind has been implemented in other systems as well as training parents in "how to" methods of teaching their severely handicapped homebound children some additional cooking and self-care skills. As a result, some attitudinal changes have contributed to further deinstitutionalization programs, technical assistance, and appointing state coordinators for the deaf-blind.

We are now entering another stage of development within HKNC. As a result of a recent needs assessment response from 196 agencies, a total of 793 needs were identified, or an average of four per respondent. Analysis of the needs assessment data reflects the following priorities:

1. Technical assistance in Independent Living, including training, development of group homes, and community-based housing alternatives, was requested by 117 of the 196 agencies (60%)
2. Technical assistance in vocational services was requested by 110 of the 196 agencies (56%)
3. Technical assistance in rehabilitation models/methods/techniques was requested by 60 of the 196 agencies (37%)

In reviewing these priorities, HKNC wishes to expand the following areas:

At the present time, we have 10 regional offices staffed by ten regional representatives and part-time secretaries. They are frequently requested to provide technical assistance, client contact, agency consultation and other forms of work activity related to serving deaf-blind persons. Using an analogy of the private business environment, the marketplace is asking for more services and we are unable to meet the full demand. The present level of salary funding for all regional personnel is approximately $427,000 per annum. There is a need to double the number of regional representatives available for service in the field. This would increase that category to approximately $850,000.

There is a need to expand our vocational services at headquarters, particularly in relation to the increased numbers of low functioning multihandicapped rubella clients entering the rehabilitation system at Sands Point. Specific staff needed: Two additional behavior modification specialists, a prevocational specialist, and two more daily living skills instructors. This increase would cost approximately $147,000 per annum.

The need for training personnel in the field has also increased. Our three staffed National Training Team should be doubled to a cost of approximately $120,000 per annum.

Three other areas are also crucial to the service delivery system for deaf-blind persons. We are developing a Quality Assurance/Evaluation program that should be finalized, tested and then exported to the field. This would aid in research and in developing further cost-effective and efficient systems. Approximately $50,000 per annum is needed. A research and training center related to the deaf-blind is crucial. The cost for this would be approximately $100,000.

The final third area has to do with the maintenance and capital improvement of our physical facility in Sands Point, which is approaching its tenth year of operation. Approximately $8. million had been expended in 1976 for the construction of this facility. Many of the earlier construction and design problems are now making themselves felt in the maintenance of the building and the mechanical equipment. A preventive maintenance program must be instituted and this would cost approximately $75,000.

Meeting the critical needs described above would require an increase of approximately $1.3 million in appropriations for the Center in FY-87. In recognition of fiscal realities, however, and balancing those against the very real and immediate financial needs of the deaf-blind and the needs of the Center in meeting the demand for increased services, which include training and research, the Helen Keller National Center urges reauthorization of its appropriations at the following levels: $5.0 million for FY-87; $5.5 million for FY-88; and $6.2 million for FY-89. In the event such levels cannot be authorized, however, the Center's authorizations should be reflected as "such sums as may be appropriated" for the next three fiscal years.

We at HKNC feel we have accomplished what was necessary to demonstrate the benefits of a National Service Delivery System for the Deaf-Blind and we are ready for further programs to fulfill the needs of the deaf-blind population.

Senator HARKIN. Thank you very much for being here. You are most welcome to this committee.

Ms. SMITHDAS. Good morning, chairman and members of the committee. I would like to share some things with you.

First of all, when I became deaf-blind, I thought that was the end for me. Of course, many of you are probably thinking there are rehabilitation agencies. Yes, there are; but they need help.

So then I went to the Helen Keller National Center, and I was very happy I did. I learned many things; how to cook, I can take care of myself personally, handle money, talk with the others, talk on the telephone, and above all, work.

And from my association with people who I have worked with, and just from being around others, I have heard from deaf-blind people how happy they are that they were able to come to the Helen Keller National Center or get services from the Helen Keller National Center through their States.

So this is important that we continue with this, and I am quite happy and grateful to Congress who established the Helen Keller National Center. Without the Helen Keller National Center, I don't think I would be as happy as I am today.

So I do want to ask you for your support, your encouragement and your faith that the Helen Keller National Center will continue to do well.

Senator HARKIN. Thank you. That's remarkable, and I wish the whole committee were here. But the chairman is here, the most important person is here. I just think you are absolutely remarkable. And of course, you have people who are here who are very supportive of the Helen Keller Institute.

Your speaking ability is, I might say, absolutely superb, and I think a great example of what the Helen Keller Institute is capable of doing.

Senator WEICKER. What were the budget provisions in the President's budget? Level funding?

Mr. ADLER. Yes, sir.

Senator HARKIN. How much do we support the Helen Keller Center?

Mr. ADLER. Right now it's—for starting 1986, $4.1 million.

Senator HARKIN. That was last year?

Mr. ADLER. No; last year it was $4.2 million. We were authorized $4.3 million and with Gramm-Rudman-Hollings it became $4.1 million.

Senator WEICKER. And the proposal is what, $4.2 million?

Mr. ADLER. Yes, sir.

Senator WEICKER. So it's still a reduction of $100,000?

Mr. ADLER. Yes, sir; a little less than that.

Senator WEICKER. You understand, of course, there was nothing mandatory as to keeping that Gramm-Rudman cut.

Mr. ADLER. Yes, sir.

Senator WEICKER. So in other words, the administration cut the budget $100,000. I think I can safely say that that money will be restored.

Mr. ADLER. Thank you.

Senator HARKIN. Do you speak sign language?

Mr. ADLER. I finger spell very well, but signing I don't do. I'm very impressed with you, sir.

Senator HARKIN. Michelle, can you tell me a little bit more about yourself? What age were you when you became deaf?

Ms. SMITHDAS. I was hard of hearing as a little child, but then I lost all my hearing when I was in high school. And then became deaf-blind while I was in college from a snowmobile accident.

I was in Gallaudet College. I went on a day trip and got into a snowmobile accident. But I continued on. Like I just said, I got good training from the Helen Keller National Center, and I do feel it is wonderful. I have seen and I have heard many of the deaf-blind people are very happy and can support themselves and can work. But we still need to help them.

We also want to help the States so that they can also help the deaf-blind in their States, as well.

Senator HARKIN. Again, I just want Michelle to know that I have a brother who has been deaf since he was a little boy, but he has been a seeing person. And I just think that what she has done with the things that happened to her are a great encouragement.

Mr. ADLER. If I may, sir, you ought to see her teach other deaf-blind people in communication. That is her job at the Helen Keller Center.

Senator HARKIN. Oh, she's teaching there?

Mr. ADLER. Yes; she is a teacher. Full-time staff person. She's working on her master's degree at Columbia and teaches full time other deaf-blind people communication skills, signing, Braille. In fact, when I first came to the Helen Keller Center she taught me my finger spelling.

Senator HARKIN. Well, I can see that she has a great talent, great enthusiasm, very enthusiastic. Great talent.

Ms. SMITHDAS. Thank you. I have heard that Senator Harkin can sign. Would you like to try signing with me, or finger spelling with me, if I go up near you?

Senator HARKIN. I could do a little bit, sure.

Ms. SMITHDAS. That is OK. I will still understand.

Senator HARKIN. We only have one more witness and as soon as that witness is through, then I'll be glad to do a little sign language with you. OK?

Ms. SMITHDAS. Oh, good. OK.

Mr. ADLER. Thank you for your support.

STATEMENT OF ROGER E. MEYER, M.D., AMERICAN COLLEGE OF NEUROPSYCHOPHARMACOLOGY AND THE COMMITTEE ON PROBLEMS OF DRUG DEPENDENCE

Senator HARKIN. Our last witness is Robert Meyer, M.D., the National Association of Alcoholism Treatment Programs, Committee on Problems of Drug Dependence, the American College of Neuropsychopharmacology [ACNP].

Dr. MEYER. Mr. Chairman, Senator Harkin, I am actually not representing the National Association of Alcoholism Treatment Programs; I am representing the American College of Neuropsychopharmacology and the Committee on Problems of Drug Dependence, and appreciate very much your letting me basically speak out of the sequence that you established for the hearings on the various agencies that you're reviewing budgets for. And I guess I join a long list of other speakers really applauding what you, Mr. Chairman, and the members of this committee have done relative to the proposed budget for 1987.

ACNP is a distinguished organization of 430 members from all relevant disciplines concerned about biological function in the central nervous system and its relationship to the causes and treatment of mental and addictive disorders. And the Committee on Problems of Drug Dependence is an organization concerned with the application of scientific findings to public policy in the field of substance abuse. My full testimony basically can be summarized and subdivided into three sections.

The first is really a capsule summary of some of the research reports that have appeared in the last year since I testified before your committee. Steve Bongard, as you know, is really an alumnus in some ways of our school at Connecticut, and he and I have had discussions in the past that what the Alcohol, Drug Abuse, and Mental Health Administration [ADAMHA] needed was artificial hearts and heart transplants, and we've talked about how that was never possible. But that ADAMHA research has really come, really, an extraordinary distance.

And I've brought for him and will give to him some reprints of some recent articles from the archives of general psychiatry, which really highlight that the science in this field is really equivalent to where the National Institutes of Health is, and has really made leaps in the last 10 years, the equivalent of going from the Wright brothers into the rocket age.

I have also personally appreciated that two of the staff members of your committee have visited our facility and have met with us and have learned something about the kinds of research that we're doing, and I hope that you and the other members of the committee have seen the recent series on schizophrenia that appeared in the New York Times that highlighted both the social, personal costs of this disorder, the familial costs of the disorder, and also the research opportunities which have really been absolutely extraordinary.

Like other witnesses, I applaud what you have done, despite the limitations of Gramm-Rudman-Hollings. The President's budget proposal for ADAMHA represented a 7.9-percent cut from fiscal year 1986, and this contrasts with the fact that in the other parts of the Federal budget, research support was supposed to increase by 15 percent. Only life sciences research was to be cut. And our hope is that the budget that you've proposed will, in fact, carry the day and will be able to restore some of those cuts.

In addition, in terms of specifics, the President's budget would dismantle centers within the National Institute of Mental Health whose turn happened to come up in the review cycle, which clearly is not science policy based upon a critical review of excellence, but it's more akin to Russian roulette; just happened to be that they were coming up for review and had nothing to do with the quality of what they were doing.

There is an essential interconnectedness of research support—individual research grants, research centers, research training for new investigators, support for equipment, and support for intramural research at the three ADAMHA institutes.

In the past, this committee has emphasized the importance of RO–1's and new RO–1's, and I think that's been very important in terms of providing stabilization and the stimulus for continued support.

There's also a need, however, for stability of funding that would allow for centers and these other mechanisms; that the institutes do need some discretion at the same time that they have stability of funding. And the notion that you're concerned about—the continued RO–1 funding.

In December of this year, ACNP is celebrating its 25th anniversary, and a number of the citizens' organizations that have developed in the last couple of years, the National Depressive and Manic Depressive Association, the National Alliance of Mentally Ill and others, will be sponsoring a meeting celebrating that anniversary. We're inviting members of congressional staffs, spouses, Senators, Representatives in Congress and so forth to learn of the progress that's been made, and I use this occasion as an opportunity to invite you and members of the staff to that meeting in December.

PREPARED STATEMENTS

Thank you for the opportunity to talk with you. Your statement will be inserted in the record at this point along with other statements for the record on appropriations for rehabilitation services.

[The statements follow:]

STATEMENT OF ROGER E. MEYER

My name is Dr. Roger E. Meyer. I am Professor and Chairman of the Department of Psychiatry and Scientific Director of the Alcoholism Research Center at the University of Connecticut School of Medicine. I am speaking today on behalf of two organizations who share a concern about the future of research on alcoholism, drug abuse, and the multiple forms of mental disorder. The Committee on Problems of Drug Dependence is a distinguished multidisciplinary panel that has been established under the general sponsorship of ten professional societies. For more than 30 years the committee was previously part of the National Academy of Sciences/National Research Council. It continues to advise relevant governmental and international organizations on the abuse liability and scheduling of drugs, and to sponsor the major annual scientific meeting in the field of drug abuse. The committee, therefore, has generic responsibility for encouraging scientific communication through its annual meeting and the publication of its annual monograph; and for expediting the application of scientific findings to public policy in the field of drug abuse.

The American College of Neuropsychopharmacology is an organization of more than 430 members from all relevant disciplines concerned about biological functionin the central nervous system, and its relationship to the causes and treatment of mental and addictive disorders. The ACNP membership represents the most significant group of scientists involved in this kind of research in the United States. This December, in Washington, the ACNP will be celebrating its 25th anniversay as an organization. The site and the timing are rich with symbolic meaning. Washington was the place where ACNP first met, when new drugs appeared to offer the first real hope ever for the mentally ill. It was Congress (in this city) which specifically mandated that NIMH conduct research in psychopharmacology, and it has been Congress which has authorized the funding over these years which has supported the research that has described the mechanism of action of many of these compounds; their real benefits and unfortunate limitations. As you know, it was easier for Congress in those times to authorize and appropriate funds for biomedical research than in the present decade. Indeed, even as this committee has moved to support equivalence between ADAMHA and NIH, Gramm/Rudman/Hollings poses a significant threat to both biomedical research support agencies.

ADAMHA-supported research has provided important new windows on brain function that, for the first time, demonstrate the relationship between specific mental dysfunction and brain abnormalities.

•Pet Scan Technology

Utilizing positron emission tomography (the PET scan), researchers at Washington University School of Medicine have found that patients with panic disorder who were untreated demonstrated increased metabolic activity at the right para hippocampal gyrus. Previous research had demonstrated that these episodes could be regularly triggered by lactate infusion. Appropriate pharmacological treatment of the panic disorder effectively prevents panic attack and its biological dimensions during lactate infusion.

•Studies of Regional Central Blood Flow

Researchers at the National Institute of Mental Health Intramural Research Programs at St. Elizabeth's Hospital here in Washington utilized regional cerebral blood flow technology to evaluate brain physiology and mental function simultaneously in medication-free patients with chronic schizophrenia, patients treated with standard neuroleptic drugs, and normal controls. One of the persistent deficits in schizophrenia involves difficulties with abstracting ability. The investigators at NIMH, using a standard psychological test of abstraction, demonstrated that both medicated and unmedicated chronic schizophrenic patients showed a paucity in dorso lateral prefrontal cortical activity (compared with control subjects) -- under conditions when all subjects were performing the same test of abstracting ability. This new approach to simultaneous examination of brain function and cognitive ability may help to clarify aspects of schizophrenia, potential risk factors in family members of patients, as well as potential new approaches to some of the treatment resistant aspects of the disorder.

•Imaging Studies in Alcoholics

Researchers at the National Institute on Alcohol Abuse and Alcoholism have been using the PET scan to delineate pathological brain function associated with alcoholism. Intramural researchers at NIAAA hope to access the new magnetic resonance imaging technology to clarify aspects of brain function in alcoholics, as well as children at risk for development of alcoholism. As you may know, researchers at Downstate Medical Center in New York and at the University of Connecticut have demonstrated electrophysiological abnormalities in children of alcoholics which may constitute a potential marker for alcoholism. Longitudinal research with these children, and the application of other technologies of assessment such as MRI, will be critical in the coming year.

Researchers supported by the National Institute on Drug Abuse are also involved in efforts to define risk factors in populations of individuals who seem to be at great potential for subsequent problems with substance abuse. Epidemiological studies supported by NIDA suggest that certain behavioral problems already manifest in the first grade in school were highly predictive of drug abuse in an inner city population. Children who did not demonstrate these behavioral abnormalities in the classroom were unlikely to be drug abusers in late adolescence and young adult life. Research conducted by a child psychiatrist at the New York University Medical Center has suggested that a substantial proportion of children with conduct disorder have abnormalities of cognitive function that are suggestive of deficits in brain physiology. The new imaging technologies utilizing cerebral blood flow, positron emitting tomography, and magnetic resonance imaging, in the context of methodology drawn from epidemiology, population genetics and the behavioral and social sciences, should help to clarify the relationship between brain function and individual risk.

The aforementioned research represents only a very small capsule of ADAMHA-supported programs, their current excitement and extraordinary potential. The various reports have appeared in the 12 months since I last came before your committee. A recent series on schizophrenia in the New York Times has served to highlight the extreme personal, familial, and societal costs of this disorder; the limited resources that have been made available for community care and rehabilitation; and the tremendous promise of research. The ADAMHA portfolio is necessarily interdisciplinary, and includes research in the psychological and social sciences, epidemiology, and of course neurobiology. Treatment outcome studies have identified the critical synergestic effects of medications and other forms of therapy for certain disorders.

What emerges from all this is that as research delineates problems more precisely, clinical practice can become more effective and costs can diminish. In the not so distant past, many patients with panic disorder were subject to expensive cardiovascular workups because of the non-specific cardiac nature of their complaints. After their workup by the internist, the patients would generally be referred to a psychiatrist for non-specific long-term psychotherapy. It is now clear that patients with true panic disorder are best treated with medication, while behavioral and other psychotherapy should focus on simple phobias and other concomitants of the disorder. That medication alone is effective in the vast majority of patients has had tremendous implications on the health care costs of this disorder, as well as the social costs of lost productivity. Parenthetically, untreated panic disorder also serves as a risk factor for alcohol and other drug abuse for some individuals.

This review of some of the research news of the past year was meant to highlight the real progress that is being made with the funds that have been made available to ADAMHA research. It is not easy for a political body, which represents the body politic, to support programs of research which promise non-specific future benefit -- in the face of current urgentrealities. The budget deficit _is_ real. It has grown more urgent during the past five-and-a-half years than at any time in our history. By radio, the people are told that the fault lies with the Congress. But even David Stockman himself has begun to set the record straight; that it is Congress that has shown the wisdom to differentiate appearance from reality. It is the Congress, through staff work and committee hearings, which has been better able to identify the needs of biomedical research at ADAMHA and NIH than the staff at OMB. It will again be up to Congress to identify those needs and to identify the funds that will pay for these programs.

The Ad Hoc Group for Medical Research Funding, an organization whose membership has historically been concerned about NIH funding, is this year urging an increase in ADAMHA funding which would enable mental and addictive disorders research to "catch up." The budget that they recommend would restore ADAMHA "purchasing power for research and research training to the constant dollar level of 1974." In essence this group, and a coalition of citizen's organizations concerned about the future of research support for ADAMHA, have identified an alternative budget for this agency which is based upon professional judgments of present programs and critical need. The proposed budget recognizes the essential interconnectedness of individual research grants, research centers, research training of new investigators, research career development awards, support for equipment and support for intramural programs at all three institutes. The professional judgment budget calls for research support of $272 million at NIMH; $72 million at NIAAA; and $90.5 million at NIDA (Total: $434.5 million). These budgets are based upon a realistic estimate of what will be required to continue research supported by ADAMHA. The numbers are somewhere between the President's proposal ($348 million) which is inadequate, and the 1984 recommendations of the Institute of Medicine which suggested $300 million for NIMH and $100 million each for NIAAA and NIDA.

The President's recommendations would slash the number of new and competing grants at NIAAA and NIMH by 25% and by 12% at NIDA. NIDA has already imposed huge cuts in new and continuing grants in order to meet Congressionally mandated numbers of new grants in FY '86. NIDA has also been forced to cut back its Clinical Research Centers grants; NIMH would be unable to fund any new or competing research centers -- and six of the highly productive Centers would be abruptly terminated because of the shortfall in the President's budget proposal for this agency. Over the years, students of research policy and the history of science have highlighted the importance of mission-based research centers to the advancement of knowledge. This has been no less true in university settings than in technology-based industries. Research centers have become a critical part of ADAMHA research (as at NIH) -- but they have sometimes been forgotten in the "numbers game" around new and competing investigator initiated grants. The President's budget would arbitrarily dismantle those centers whose turn happened to emerge in the review cycle. This is not science policy based upon a critical review of excellence; it is more akin to Russian roulette.

Finally, your staff members know from their own visits to research programs around the country that clinical research grants are usually more expensive than laboratory based research. This means that fewer clinical research grants can be funded with a given amount of money -- and those agencies which support more clinical research will be obliged to make large cuts in individual grants in order to meet mandated numbers of new and competing awards. On all grants, there has been a tendency to delete essential items of equipment in order to reduce costs. The net effect on all research has been an aging of instrumentation -- and a special crisis of funding of clinical research programs.

In December, in this city, ACNP will be celebrating its 25th anniversary and a coalition of citizens' groups (the National Alliance for the Mentally Ill, the National Association for Mental Health, the National Depressive and Manic Depressive Association, and others) will be sponsoring a companion meeting for members of Congress, spouses, Congressional staff and the media. Your committee members and staff have understood the importance of research on alcoholism, drug abuse and other mental disorders. I hope that you will be able to attend the meetings and share in the pride of what you have helped to build. Congressional support for biomedical and behavioral research has been firmly grounded in the mixture of idealism and optimism that has produced dramatic returns for this country. Gramm/Rudman/Hollings calls for deficit reduction; it does not call specifically for dismantling the biomedical research programs of this country. There are ways to reduce the deficit while strengthening our biomedical and behavioral research programs. Your own support in the past has given some hope to the scientific community; to the mentally disabled and their families. We are all deeply grateful for your efforts.

STATEMENT OF SAMUEL M. GENENSKY, M.D., EXECUTIVE DIRECTOR, CENTER FOR THE PARTIALLY SIGHTED

I am Dr. Samuel M. Genensky, and I am the executive director of The Center for the Partially Sighted in Santa Monica, California. I come before you today to urge the establishment of a national information, referral, and training center for the partially sighted.

In 1984 there were 2.11 million partially sighted Americans. Approximately one-fifth of them were classified as legally blind. Further, more than three-fourths of the nation's 551 thousand legally blind have useful remaining sight.

Historically, and unfortunately even today, all too often partially sighted people are either offered no services at all or they are offered assistance that is at best suitable for the totally blind.

I myself am severely partially sighted and I have been since shortly after birth when someone in the hospital in which I was born mistakenly put potassium or sodium hydroxide in my eyes thinking it to be silver nitrate. More than 70 percent of the legally blind see better than I do. Yet I have always functioned as a fully sighted person. Admittedly I used a pair of binoculars in high school, college, and graduate school to see the chalkboard and take notes from it, but I found no need to employ visual substitution devices and techniques such as braille, readers, a guide dog, or a cane during or since my years of education, including those in which I earned a Ph.D. in applied mathematics at Brown University and worked as a research mathematician at the Rand Corporation in Santa Monica.

I tell you all this not to puff up my ego but to illustrate the fact that even a little residual vision is precious, and when it is used with appropriate low vision visual aids it can expand the educational, vocational, and social opportunities of our nation's partially sighted.

I say this because it has been shown that when partially sighted people are provided with appropriate low vision visual aids, are trained in the use of those aids and have the will to utilize them, nearly all of these people, including those who are also legally blind, can cope successfully with many sight intense tasks. Those tasks include (1) reading ordinary ink printed material, (2) writing with a pen or pencil, (3) moving about alone in even unfamiliar places without the help of a guide dog, a cane or a fully sighted guide, and (4) yes, viewing a chalkboard and taking notes from that chalkboard. This has been our experience at The Center for the Partially Sighted. It has also been the experience at the few other comprehensive visual rehabilitation centers in our country, and at low vision optometric and ophthalmological clinics and in private optometric and ophthalmological low vision practices. Thus I believe it is fair to say that the vast majority of the partially sighted, and yes, the vast majority of the legally blind, are not blind.

Further, my own research has shown that very few partially sighted people, including those who are also legally blind, will ever become functionally blind, that is will ever have to live as if they were totally blind.

Unfortunately, there are all too few persons and organizations that currently offer partially sighted people services that permit and encourage them to use their remaining eyesight, together with appropriate visual aids, to enter, re-enter, or remain within the world of the fully sighted. There are even fewer people and organizations that offer partially sighted people services such as individual, family, and group counseling; orientation and mobility training; and independent living skills instruction that recognize the value of remaining eyesight and that encourage and foster its use by the partially sighted.

The national center that I urge you to bring into existence will:

1. Collect and disseminate referral information concerning existing low vision care, including comprehensive center, low vision clinics, and competent individuals who include low vision care in their private ophthalmological and optometric practices;

2. Collect and analyze patient data obtained by our Center and other low vision facilities in order to derive information that would be of value to researchers, service providers, and the partially sighted themselves;

3. Provide advice, guidance, and assistance to qualified individuals and organizations that desire to establish and operate low vision facilities;

4. Provide fund-raising counsel that emphasizes the acquisition of support from the private sector and thus reduces the necessity of dependency upon scarce tax dollars;

5. Inform and sensitize professionals and paraprofessionals who work with or who are interested in working with the partially sighted as to their special needs and how they differ from the fully sighted and the functionally blind, the problems they tend to encounter, and possible solutions to those problems;

6. Provide information and guidance to partially sighted individuals and their families and the general public regarding the points cited in Item 5, and including information about various visual diseases, their prognoses and their prevalence; low vision visual aids and their value; and information as to where partially sighted people can obtain various types of services; and

7. Train professionals and paraprofessionals (including, for example ophthalmologists, optometrists, clinical psychologists, orientation and mobility instructors, independent living skills instructors, rehabilitation counselors and teachers of the visually handicapped) to bring their special skills to bear to help their partially sighted patients/clients to better understand their visual status. As part of that understanding, it is important for partially sighted people to know that partial sightedness is profoundly different from functional blindness, that residual vision has value, and that when it is used together with appropriate low vision visual aids, it can permit them to perform visually intense tasks that are important to them and that they could not otherwise cope with successfully because of their limited eyesight.

Appendices A and B indicate current Center national activities in these areas. Appendix A details recent staff networking and outreach presentations, and Appendix B lists training and technical assistance activities.

At The Center for the Partially Sighted in Santa Monica we have shown that services can be provided on an outpatient basis at significantly less cost than at state run or funded agencies that operate in residential settings and that emphasize visual substitution rather than visual enhancement. For example, in FY 1983-84 the cost per new patient served at our Center ran between 7.2 and 16.7 percent of what it would have cost to serve these same people at three distinguished state operated or funded residential facilities, and in FY 1984-85 those percentages ranged between 8.3 and 19.8 percent. (Please see Table 1.)

Further, at our Center we have also shown that although federal funding was needed to establish and initially operate the Center, we were able to obtain state and private funds to continue our operations when federal support disappeared in 1980-81. I believe that the proposed national center should be encouraged to seek private funding to begin, say five to seven years after it is established and operating. However, I anticipate that it will continue to need some federal financial support throughout the following years because the private sector is not able to underwrite all of the cost of such a facility and because state support cannot be expected due to the national scope of the proposed center. Table 2 contains a five-year estimate of operating costs for a national information, referral, and training center.

You may ask how we know that there is a need for a national center. We know the need exists. For example, in response to two items from our Center in Modern Maturity magazine in 1982 and 1984, our Center received over 11,000 requests for help from all over the nation. Table 3 gives a geographical breakdown of 3,575 inquiries received during the last eight months of calendar 1984. Each time our Center has media coverage, either in print or on radio or TV, we receive phone calls and letters from people who are desperate for help and guidance for themselves or their visually impaired loved ones. Appendix C contains a small sampling of recent letters requesting assistance.

It should be noted that every request for help is answered, and when appropriate, we refer the writer to the nearest source of quality care that is known to us. Unfortunately, in all too many cases that care is located hundreds of miles from the partially sighted person. The need is great and the resources are small, but the dedication of the relatively small number of professionals in the field is limited only by our limitations as human beings.

In summary, when the proposed national information, referral, and training center is established and operating, we can look forward to it:

(1) providing information and referral services to more than 94 percent of our nation's visually impaired and more than 76 percent of our nation's legally blind that will lead to their receiving services at significantly less cost per patient served than would be the case if these same people were served by organizations and agencies that would treat them as if they were totally blind; and

(2) training professionals and paraprofessionals to be sensitive to the special needs of the partially sighted, and to bring their particular skills to bear in working successfully with visually impaired persons who have useful remaining sight.

Table 1

Funding and persons served or projected to be served by OCB, VIP, LSC & CPS in FY 1983-84 and FY 1984-85 and the ratios of cost per new client served at OCB, VIP and LSC to the cost per new patient served at CPS

	FUNDING FY 1983-84	PERSONS GOING THROUGH PROGRAM	FUNDING FY 1984-85 (ACTUAL OR PROJECTED)	PERSONS GOING THROUGH PROGRAM (ACTUAL OR PROJECTED)
OCB	$1,428,000	82	$1,466,000	84
VIP	510,804	65[1]	510,804	70[2]
LSC	232,989	31[3]	232,989	22[4]
CPS	690,100[7]	551[5]	790,000[8]	547[6]

	FY 1983-84	FY 1984-85
OCB/CPS	13.90 to 1[9]	12.08 to 1[9]
VIP/CPS	6.27 to 1[9]	5.05 to 1[9]
LSC/CPS	6.00 to 1[9]	7.33 to 1[9]

OCB - Orientation Center for the Blind, Albany, CA
VIP - Vocational Independence Program, Los Angeles, CA
LSC - Living Skills Center, San Pablo, CA
CPS - The Center for the Partially Sighted, Santa Monica, CA

[1] - This number represents the number of people in the residential program in FY 1983-84. One hundred clients were interviewed to determine their eligibility for the residential program, and 62 clients were given placement services only.

2- This number represents the number of people who were projected to be in the residential program in FY 1984-85. One hundred clients were projected to be interviewed for the residential program. No estimate was given as to how many clients were expected to receive placement services only.

3- In FY 1983-84 an additional 44 clients were given community resource assistance outside of the residential program at the LSC relative to family conferences and advocacy.

4- In addition, it was estimated that some 60 clients were to receive community resource assistance outside of the residential program at the LSC during FY 1984-85.

5- CPS gave services at its facilities to between 650 and 750 unduplicated patients in FY 1983-84. All new patients went through the standard program, and continuing patients received one or more of the following services: an annual or semi-annual low vision check-up; individual, family or group counseling; orientation and mobility training; and direction regarding other community services. In addition, the Center provided indirect assistance by phone and mail to more than 7,000 partially sighted people who live elsewhere in the nation.

6- It is estimated that between 650 and 750 unduplicated patients came to CPS for assistance in FY 1984-85, 547 of whom were new patients. In FY 1984-85 the CPS program was expanded to include training in independent living skills, in addition to those direct and indirect services offered in 1983-84.

7- The total expenditures of CPS in FY 1983-84 were $690,100; 54.4 percent of these expenses were met via gifts and donations from private individuals, foundations and corporations and an annual fund-raising dinner-dance known as the "Night for Sight," 27.5 percent via the $190,000 grant from the state of California, 9.1 percent via patient fees and the sale of visual aids, 6.7 percent via a federal research grant from the Administration on Aging to study peer volunteers in service delivery, 1.5 percent via a grant from the city of Santa Monica, and 0.7 percent via interest on monies in banks and certificates of deposit.

8- The total expenditures of CPS in FY 1984-85 were $790,000, 51.3 percent of which was met via gifts and donations from private individuals, foundations and corporations and an annual fund-raising dinner-dance called the "Night for Sight," 37.3 percent was met via the $295,000 grant from the state of California, 8.5 percent via patient fees and the sale of visual aids, 1.3 percent via a research grant from the federal Administration on Aging to study peer volunteers in service delivery, 1.3 percent via a grant from the city of Santa Monica, and 0.3 percent from interest on monies in banks and certificates of deposit.

9- Ratio of the number of dollars expended per new client served by the agency noted at left to the number of dollars expended per new patient served by CPS in the noted year. Example: ($1,428,000)(551)/(690,100)(82) = 13.90

STATEMENT OF HENRY BETTS, M.D., VICE CHAIRMAN AND MEDICAL DIRECTOR, REHABILITATION INSTITUTE OF CHICAGO

Mr. Chairman and members of the committee, I am pleased to have the opportunity to present testimony today in support of federal funding of rehabilitation programs.

My name is Dr. Henry Betts. I am currently the Paul B. Magnuson Professor and Chairman, Department of Rehabilitation Medicine at Northwestern University Medical School and the Vice Chairman of the Board and Medical Director of the Rehabilitation Institute of Chicago.

For more than 30 years, the Rehabilitation Institute of Chicago (RIC) has had the distinction of being one of the world's leading institutions serving the physically disabled persons. A private, not-for-profit, fully accredited hospital, RIC was one of the first to provide a comprehensive program for patient care, research into disabling conditions and training of rehab professionals--all within one facility.

Designated by the National Institutes of Handicapped Research (NIHR) as the midwests only Medical Research and Training Center for Brain Trauma and Stroke, RIC is at the forefront of research in these fields and is able to offer patients the most advanced and innovative treatment available. To further augment its patient care efforts, the Institute is capable of drawing on the unique resources of such programs as Northwestern University's Rehabilitation Engineering Program and its Prosthetic Research Laboratory.

The Institute treats infants, children and adults experiencing the disabling effects of illness or injury. Services are available on both an in and out patient basis, as well as singularly or as part of a comprehensive rehabilitation program.

Like a general acute care facility, RIC is capable of providing an array of diagnostic tests from x-rays, blood tests, EKG's to more complex tests such as EEG's and urodynamic evaluations.

Unlike an acute care hospital, RIC specializes in one thing: assisting people whose lives have been affected by a disability and/or its consequences. Staff at RIC are professionals who deal only with the physical, emotional, social and material aspects of disability.

Currently, we have 176 beds, over 1,000 employees and treat more than 4,200 persons per year. A staff of 19 attending physicians (physiatrists) care for patients daily needs; while more than 85 consulting physicians, representing a variety of medical subspecialties, remain available as necessary.

The activities of our Institute include:

- research by our physicians, nurses and allied health professionals;
- educating patients, families, and other professionals;
- advocacy programs; and
- prevention of disabling conditions and diseases.

Rehabilitation provides long term benefits to patients experiencing permanent or temporary disability. It provides a means of regaining at least some, if not total, self-sufficiency. It provides an alternative to long term institutional care. As the population ages and improved technology saves more lives, comprehensive physical rehabilitation services will become even more important. It is the only humane and cost - effective approach to the long range alternative of permanent institutionalization.

Having been involved in the field of rehabilitation, I am here to speak on behalf of the Rehabilitation Institute of Chicago and our support and interest in federal funding of rehabilitation programs, specifically with respect to research--in the National Institute of Handicapped Research (NIHR) and within the National Institutes of Health (NIH).

National Institutes of Handicapped Research (NIHR)

The NIHR conducts research projects, demonstration projects and other activities related to the rehabilitation of persons with disabilities. NIHR supports research and training centers, rehabilitation engineering centers, research grants, fellowships and research demonstration projects.

Last year, in fiscal year 1986, $44 million was appropriated for the NIHR. Due to the reductions of Gramm-Rudman-Hollings the NIHR budget was reduced to $42 million. This year, as for Fiscal Year 1985, the Administration has requested in its budget proposal to fund the NIHR at $39 million. This level of funding would only provide for levels of NIHR effort that were undertaken in 1984.

We strongly urge this committee and the Congress to fund NIHR in FY '87 at a minimum of $49 million.

While this level of funding would provide for a modest increase in growth, it still pales in comparison to the dire needs of the research and training needs in the rehabilitation area.

$49 million would provide for:

--A modest growth in Center programs. Most Center grants have received no increases for two years and should at least be increased to a level that would reflect increased costs. In addition, additional research and development models could be developed in brain and head injury. Each site would cost about $300,000 each. There is an estimated need for 5 sites to be developed and the cost would be approximately $2 to $3 million.

--A modest increase in the Field Initated Research grant program. Currently this program has about a 10% funding award rate--which means that only 10% of the approved grants that have been submitted are able to obtain any funds. An acceptable award rate of about 20 - 25%--which is almost the level of funding at the National Institutes of Health (NIH)--would require that the field initiated research grant program be funded at a level of $10 million. $5 million is required for the continuation grants and $5 million for new and exciting research in the field.

--The Innovative Research Grant Program provides for new and exciting research to be investigated within the rehabilitation field. Each Innovative Grant is funded at about $50,000. Twenty new grants would bring the award rate up to about 33% and require $1 million.

--Research Training Program is in its first operational year. Currently there are only three projects totaling $350,000 likely to be funded this year. Ideally, there should be ten training grants funded every year in order to get this program off the ground. At approximately $150,000 each, approximately ten to twelve research traineeships projects could be funded with $1 to $1.5 million.

As in any health discipline, a strong research base and foundation is needed. Over the years, many in the rehabilitation field have been trying "to get up to speed" with the rest of the medical community in establishing a sound and strong research base. However this task becomes even more difficult when the researcher is faced with the grim and bleak prospects of not getting funded due to the overall funding limitations at NIHR. The rehabilitation researcher is further discouraged by knowing that his or her chances of getting any funding for their research grant application is slim.

In trying to elevate the status of rehabilitation research we have been working with the National Institute of Health (NIH). Last year, at the request of the Senate Appropriations Committee, the NIH did a report on Rehabilitation-Related Research.

I believe this report illustrates the need for more funding in the rehabilitation field. The report seems to identify rehabilitation in its broadest sense in identifying NIH's efforts. We recommend that this committee continue to encourage the NIH to increase its efforts and interest in the rehabilitation area. Increased activities by the NIH in rehabilitation would help to strengthen our field, raise the esteem of rehabilitation in the scientific world and in turn, place it on a more "credible and professional" level with our colleagues in other health disciplines.

When one looks at the field of rehabilitation, it can be awesome and overwhelming because the work that needs to be done is so vast. Funding research and training at these levels helps us to begin to address our country's rehabilitation problems.

We, the rehabilitation field, have a proven track record, and a tremendous amount of potential if given the chance. We are asking for the opportunity to be able to further address the needs of our population, "high risk infants", our ever-growing aging population's needs, brain and head trauma victims, the cardiac "diseased" affected population, the spinal cord injured, those who suffer from pain every day, burn victims, and the list goes on and on.

Our track record shows that we do help to improve the lives of disabled persons through the use of the professionals that comprise the "rehabilitation team". Our teams do help disabled people to improve their lives through increased independence and work. If you have not had the opportunity to actually see a rehabilation facility I invite each and every one of you to come see the RIC. We are proud of our institution and the fields of rehabilitation. But, also realize that so much more needs to be done, and can be done. We hope you will agree and take the first step by funding the NIHR in FY '87 at $49 million, and funding the NIH of at least the recommended levels of the AD Hoc Coalition of Biomedical Research at about $6.1 billion with emphasis given to rehabilitation research.

Thank you for this opportunity to express our concerns. I would be happy to answer any questions you might have.

STATEMENT OF THE NATIONAL ASSOCIATION OF PRIVATE RESIDENTIAL FACILITIES FOR THE MENTALLY RETARDED

The National Association of Private Residential Facilities for the Mentally Retarded represents almost 600 agencies and family care homes that provide residential services to more than 20,000 people with developmental disabilities in 48 states and the District of Columbia. Most members serve people in scattered, community living arrangements. Some have dozens of group homes and apartments, some are villages, others are private residential schools, and some are comprehensive, medically-related facilities. About 60% are nonprofit organizations, approximately 30% are proprietary corporations, and 10% are unincorporated family care providers. Together they offer a full range of residential services in a variety of settings, utilizing many different funding sources.

Many of the federal programs under the purview of this Subcommittee support the delivery of residential services to people who are developmentally disabled and are of interest to NAPRFMR members. For purposes of this testimony, we will focus on four which are of particular concern because they provide significant support for residential services. Three are programs authorized under the Social Security Act: Title XIX Medicaid, Title XVI Supplemental Security Income (SSI), and the Title XX Social Services Block Grant program. The fourth is the program of Comprehensive Services for Independent Living authorized by the Rehabilitation Act. Our emphasis will be on the Medicaid program, but the interrelationship between Medicaid, the other programs cited, and yet additional avenues of support, makes it difficult to discuss one without mentioning the others.

As people with disabilities and low income, most of the individuals served by NAPRFMR members are eligible for Medicaid assistance, which covers the cost of physician and hospital services, and, for some, residential and day services. The Medicaid program for intermediate care facilities for the mentally retarded (ICFs/MR) has demonstrated its effectiveness in facilities around the country — many operated by NAPRFMR members. As a result of these programs, people served are exceeding early expectations of their potential development, and as they become more self-dependent, many are able to move to semi-independent and independent living in the community that may be supported through other federal programs such as SSI, Title XX, and the Title XIX Waiver for Home and Community Based Services. Some engage in competitive employment and become tax payers.

According to the Health Care Financing Administration, as of January 1986, there were about 3,080 residential programs certified as ICFs/MR in the U.S., almost 70% of them operated by the private sector. More than 140,000 people are receiving services in ICFs/MR today, about one-fourth of those served by the private sector. More than 100,000 additional people with developmental disabilities receive support for residential services from other federal state and private programs, 80% of whom are served by the private sector. The federal support for non-ICF/MR room and board comes primarily from SSI benefits provided to low-income people who are disabled, supplemented by programs such as those discussed above. The program of Comprehensive Services for Independent Living authorized by the Rehabilitation Act holds great potential for helping people move from more costly institutions to less restrictive settings when when they become more self-dependent. Day programs that serve people in residential programs also receive some federal support. The Title XX Social Services Block Grant program has provided a major source of funding for day programs. Title XX is targeted to five basic goals which are primarily associated with self-support, self-sufficiency and non-institutionalization. Without day services, few residential programs are viable, and family care breaks down under the burden of 24-hour-a-day responsibility, leading eventually to institutionalization.

Unfortunately, the system leaves much to be desired. Waiting lists for our member facilities attest to the fact that thousands of people are awaiting community placements and services. Some of the individuals on waiting lists are in state institutions and nursing homes, but many live at home with their families. The Education of All Handicapped Children Act

(P.L. 94-142) has succeeded in preventing the institutionalization of many children by supporting educational programs in public schools. Many of those served by 94-142 are now reaching the age of majority with few community day programs to go to. Families are often unable to cope with their adult children who must remain at home all day. Many parents are also growing older and are becoming infirm, so the demand for community residential and day placements is growing and will continue to grow in the coming decades.

MEDICAID

Under current law, aggregate Medicaid outlays for all purposes are expected to increase by $1.4 billion between FY 1986 and FY 1987. The Administration, however, is proposing legislative changes to limit program outlays by approximately that same amount in FY 1987. About $1.3 billion of that would come as a result of a proposed statutory spending limitation.

NAPRFMR opposes the Administration's plan to cap future federal Medicaid outlays. Such a cap would place a disproportionate share of the burden of reducing the federal deficit on millions of aging persons and thousands of people with developmental disabilities who represent the most vulnerable population in American society. Federal "look behind" surveys instituted over the past year and a half have resulted in new interpretations of federal ICF/MR rules which in turn have led to an increase in the cost of services provided in ICF/MR facilities. ICF/MR providers are being required to increase staffing and professional services at a time they are being asked to reduce costs. These two mandates are obviously mutually exclusive. Although our members sometimes disagree with individual rulings of the federal survey teams when they require services not identified by the clients' interdisciplinary teams, we are totally supportive of the concept of surveys designed to ensure that federal dollars are being spent for good, cost-effective programs. It is unconscionable for the federal government to be considering cutting funds for a program at the same time it is demanding services of the highest quality, particularly when funding for the only alternative funding sources available are also being frozen or cut.

The Medicaid Waiver for Home and Community Based Services has provided a viable alternative to the ICF/MR program for some of our clients who can live in the community if they receive support services of the type funded by the Waiver program. It can be a cost-effective method of serving people who would otherwise reside in institutions. Unfortunately, the regulations which implement the program make it difficult to serve as many people as are in need. NAPRFMR would like to see increased flexibility in the program so that more individuals can be diverted or removed from institutional settings.

NAPRFMR recommends that Administration efforts to cap the Medicaid program be rejected and that appropriations be established at the estimated expenditure level of $24.75 billion for client benefits, and total projected expenditures of $26.098 billion.

SUPPLEMENTAL SECURITY INCOME

As stated earlier, the Supplemental Security Income program (SSI) provides the major avenue of housing support for people with disabilities who meet income tests of eligibility. The Administration's FY 1987 budget projects a net increase of about $407 million in benefit payments over 1986, primarily because of a 3.7% cost-of-living increase expected in January 1987, and the addition of about 100,000 new SSI recipients. It also proposes an increase of $1 million (from $7 million to $8 million) for beneficiary services which fund vocational rehabilitation services, referral and monitoring. These services are designed to increase the employment potential of SSI recipients so that they can become self-supporting, and are a cost-effective use of federal funds.

The average SSI recipient who is disabled will receive an estimated

$238 per month in FY 1987, including the January 1st COLA. If an individual has no other income, he or she can expect to receive a maximum of $348 in monthly SSI benefits, scarcely enough to survive. Despite its promises to protect the most vulnerable Americans, the Administration has proposed introducing legislation to improve "coordination among various cash benefit programs." This would result in reduced benefits to many people with disabilities who receive assistance from more than one federal program. As we have tried to explain, it is only with the careful coordination of several federal programs that people can be effectively served in the community to avoid more costly services or institutional placement.

NAPRFMR recommends that Congress reject the Administration's legislative proposals for the SSI program and appropriate $10.569 billion in FY 1987, the amount of expenditure estimated to be required under current law.

TITLE XX SOCIAL SERVICES BLOCK GRANT

As indicated earlier in our testimony, many people with disabilities who live in the community are dependent on Title XX funding to pay for services which support them in their living environment and contribute to the cost of day programming.

The buying power of this program has been reduced by 40% since it was converted to a block grant in 1981. The conversion was accompanied by a 25% cut, inflation has taken its toll, appropriations were reduced for FY 1986, and Gramm-Rudman-Hollings has made still further cuts in the program. The President has proposed a funding level for Title XX in FY 1987 that is equal to the amount appropriated for FY 1986, before sequestration. At the same time, however, he is proposing that the Community Services Block Grant program be terminated in FY 1987, and that Title XX assume responsibility for services provided under the Community Services Block Grant. This would considerably increase the demand for Title XX dollars.

NAPRFMR recommends an appropriation of $3.3 billion for the Title XX Social Services Block Grant program in FY 1987. This would provide additional funds to move the program back toward pre-1981 levels. The Association also opposes termination of the Community Services Block Grant program, which would significantly increase the responsibility of the Social Services Block Grant without the provision of additional funds to cover the increased demand.

COMPREHENSIVE SERVICES FOR INDEPENDENT LIVING

Part A of Title VII of the Rehabilitation Act establishes a nationwide program of Comprehensive Services for Independent Living to assist people with severe disabilities who do not presently have the potential for employment, to obtain services which may enable them to live and function more independently. When the program was enacted in 1978, a funding level of $200 million was authorized, but the program did not receive any appropriations until FY 1985, when $5 million was approved for start up costs. That amount was increased to $11 million in FY 1985, but this too was viewed as seed money provided to "assist the state[s] . . . to establish a sound basis for future additional funding of this activity."

The Administration has proposed that no funds be appropriated for this program in FY 1987. Without them, individuals with severe disabilities will be denied the opportunity to become more self-reliant and thus will be more dependent upon other more costly federal, state and local maintenance and entitlement programs. Our Association would like to see the appropriation of sufficient funds for the establishment of a real national service delivery network under the Part A program of Comprehensive Services for Independent Living.

NAPRFM recommends that $30 million be appropriated for the Comprehensive Services for Independent Living Program in FY 1987.

CONCLUSION

NAPRFMR supports the appropriation recommendations previously provided to the members of this Subcommittee in the CCDD Analysis of the President's FY 1987 Budget Proposals and Recommended Appropriation Levels Relating to Programs for People with Developmental Disabilities, and urges careful consideration of that entire document.

STATEMENT OF THE NAVAJO NATION

These comments are presented for inclusion in the record of the hearings on the appropriations for FY 1987 for rehabilitation services through the U.S. Department of Education. The comments particularly concern that part of the appropriation dealing with funding for tribally operated vocational rehabilitation programs. The Navajo Nation is interested in this part of the appropriation for rehabilitation services because of its impact on the Navajo Vocational Rehabilitation Program. In addition, we are concerned with the impact of the proposed funding level on the quality and availability of vocational rehabilitation services for American Indians throughout the country.

The situation of handicapped American Indians across the United States reflects a number of differences from the rest of the handicapped population. A report prepared by the Native American Research and Training Center at Northern Arizona University indicates that the overall incidence of disabling conditions among American Indians is one and a half times higher than among the rest of the American population. Despite this higher incidence of handicapping conditions, disabled American Indians are only 60% as likely as disabled members of the general population to be successfully rehabilitated. American Indians are less likely to apply for rehabilitation services. If they apply, they are less likely to be accepted. If accepted into the caseload, they are less likely to be rehabilitated. More specific data from the Research and Training Center report are appended to this testimony as Exhibit A.

Factors which contribute to the lower rehabilitation rate for American Indians include the geographical isolation of many American Indian vocational rehabilitation clients. VR services tend to be clustered in the more settled, urban areas. Indian reservations are usually found in isolated, rural areas. There is often a gulf of language and culture between the American Indian VR client and the rehabilitation services providers in the surrounding non-Indian society. Based on the experience of the Navajo Vocational Rehabilitation Program, we believe that these barriers of geography, language and culture can best be overcome by providing vocational rehabilitation services through the tribe itself.

The Navajo Vocational Rehabilitation Program (NRVP) has been providing a tribally-based alternative to conventional rehabilitation services for the Navajo handicapped population since 1975. It operates like a state VR program. The program maintains a caseload of over 450 active clients. The states of Arizona, New Mexico and Utah have not been able to effectively serve this population and look to the Navajo program to be the primary service provider in this area. Nonetheless, in the years since 1981 when Congress first appropriated funds the Special Projects line item for Indian Vocational Rehabilitation, NVRP has continued to be treated as a discretionary program. This has meant that NVRP has had to apply each year for its funding with no real assurance that the funding application would be accepted. It has also meant that the U.S. Department of Education has felt no obligation to seek funding for Indian vocational rehabilitation at a program maintenance level or to give any priority to NVRP, as an established program, in the allocation of available funds.

In each budget cycle since 1981, the Navajo Nation has had to fight for NVRP's funding. In FY 1985, when a number of other tribes submitted applications for Indian VR funds, we sought successfully to have the funds available for Indian vocational rehabilitation increased from $715,000 to $1,430,000. This increase was necessary to fund any additional Tribal programs without gutting the Navajo program. We felt it was a reasonable increase in light of the Department's reported receipt of Tribal applications requesting over $2 million. Despite the fact that Congress did authorize the supplemental appropriation for Indian vocational rehabilitation and that other tribes did apply for the funding, the Department returned $300,000 of the 1985 funds to the treasury and sought to return to a funding level of $715,000 for fiscal year 1986. This amount was not even sufficient to maintain the funding for the programs to which the Department did award grants.

The appropriation for FY 1986 was established at the full 1985 level of $1,430,000. Nonetheless, the Department of Education once again returns to Congress seeking only $715,000 for the Indian vocational rehabilitation program in FY 1987. Once again, this amount is not even sufficient to maintain the funding level for existing programs.

We are asking this subcommittee to assure that adequate funding is appropriated for Indian vocational rehabilitation in the FY 1987 budget. Authorizing legislation is now before Congress which, if adopted in its present form, would assure funding for Indian vocational rehabilitation programs under Section 130 at no less than .25% of the amount appropriated for state VR programs. We hope that this legislation will be adopted and that it will result in a stabilizing of the funding of Indian VR programs.

The fate of the reauthorization bill is not certain, however. Nor do we dare rely upon the proposed .25% funding floor. For that reason, we urge this committee to assure that the funding level for Indian vocational rehabilitation programs is maintained at no less than $1,430.000. If the reauthorization bill as adopted, does contain an assurance of funding at no less than .25% of the appropriation for state basic grants, this amount, of course would replace the Special Projects appropriation. However, if the reauthorization bill does not contain such a change, it will be essential to assure that Indian VR programs continue to have funding available at the FY 1986 level so that they can continue to meet their service obligations to handicapped tribal members.

We are concerned about avoiding any precipitous drop in funding which could endanger the maintenance of services to our clients or to the clients of any other tribal program. We want to avoid program funding cuts that could result in the loss of experienced Navajo rehabilitation counsellors. Therefore, we urge this subcommittee to protect the existing funding level for Indian vocational rehabilitation and to include an appropriation of at least the FY 1986 level in the proposed appropriation bill for rehabilitation services for FY 1987.

EXHIBIT A

Excerpt from the Testimony
of the Navajo Nation to the
Subcommittee on Select Education
Submitted July 27, 1985

HANDICAPPED NATIVE AMERICANS AND REHABILITATION

The situation of handicapped Native Americans throughout the country reflects a number of differences form the rest of the handicapped population. The incidence of many handicapping conditions is greater among Native Americans. The relative distribution of different handicapping conditions is different from the general population. The access to rehabilitation services of handicapped Native Americans is less than the general population. Their rate of acceptance by rehabilitation services is lower, as is the rate of rehabilitation for those accepted for services. *

Within the categories of handicapping conditions among persons accepted for vocational rehabilitation caseloads, Native Americans have reported higher incidents of disability than the general population in regard to accidental injury of the eye (1.28 times the general population), injuries to the spinal cord (1.13), infections of the ear (1.03), arthritis (1.17), accidental loss of limb (1.11), dental conditions (1.61) and end stage renal failure (1.98). These figures actually underestimate the amount of trauma-caused disability, since accidents are the leading case of death and traumatic hospitalization among Native Americans.

Leading the causes of disability, and highly implicated in many of the other disabilities reported for Native Americans is alcoholism (3.21 times the average for the general population). "Other character disorders" are also reported at higher than the national average (1.16). Native American rehabilitation clients are more likely than the handicapped general population to have a secondary disability. This disability is most likely to be classified as alcoholism.

In those disabilities which appear with greater frequency among Native Americans, the rate of rehabilitation is often less than the rate for the general population. For example, 61.7% of the cases of accidental eye injury accepted for rehabilitation services from the general population are successfully rehabilitated. Only 53% of the Native Americans with this disability accepted for services are rehabilitated. 73% of those from the general population accepted for services with accidental loss of limb are successfully rehabilitated. For Native Americans with this condition, the rate of rehabilitation for those accepted for services is only 58.3%. Persons accepted from the general population for rehabilitation services because of alcoholism show a rehabilitation rate of 52.6%. For Native Americans, the rehabilitation rate is 37%.

One of the most common reasons given in rehabilitation services reports for the failure to accept Native Americans into the rehabilitation caseload or for the failure to successfully rehabilitate is the inability to locate the client after the initial contact. A report of the Rehabilitation Services Administration for cases closed in 1978 indicates

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* The Navajo Nation expresses its appreciation to the Native American Research and Training Center at Northern Arizona University for making its information on the incidence of handicapping conditions and rehabilitation of Native American handicapped available to the Navajo Nation for this document. Conclusions drawn from that data are those of the Navajo Nation.

that 25% of the Native American cases were closed out because of the failure to locate the client, compared to 15% for the general population. This figure reflects, among other things, the geographic isolation of the Native American VR client and the concentration of VR services in the most settled, urban areas. It also reflects the gulf of language and culture between the disabled Native American and the rehabilitation service providers in the dominant society.

What those figures and reports demonstrate is that the Native American population has a greater need for rehabilitation services than does the general population. Yet, those services are less available to Native Americans, particularly those living on reservation, than to the general population. A recent article published in American Rehabilitation (Jan/Feb/Mar 1985), concluded:

> "Evidence indicates that (Federally funded health care agencies) -- i.e. Rehabilitation Services Administration, Special Education, Administration on Aging -- have neither served the Indian handicapped and disabled on a scale commensurate to their needs, nor formally approached tribal entities to resolve jurisdictional, culture, linguistic and other barriers that impede service delivery." ("Handicapping and Disabling Conditions in Native American Populations," by Jamil. L. Toubbeh)

The Rehabilitation Services Administration in its report on the RSA-300 data for fiscal year 1978 also concluded:

> "The Indian population on reservations, including the disabled population, are not conveniently located for easy participation in general Federal and State programs; ... If there is any single, important step that RSA should consider in order to improve VR services to Native Americans, that step is developing ways to take VR to the reservation Indians. It is not likely that they will or even can come to VR in highly significant numbers.

STATEMENT OF THE NATIONAL RECREATION AND PARK ASSOCIATION

The National Recreation and Park Association extends its appreciation to Senate Labor, Health and Human Services, and Education Appropriations Subcommittee Chairman Lowell P. Weicker for the opportunity to submit the Association's views on funding of Special Recreation Programs for persons with disabilities for FY 1987.

The National Recreation and Park Association is a national, nonprofit organization engaged in a wide range of research, education, policy and program initiatives in the area of parks and recreation. We have a membership of over 18,000 individuals, organizations and agencies performing an array of civic, professional and technical functions to meet diverse recreation demands. For the most part, our members are associated with public recreation and park systems. We have an affiliate organization in each state and the District of Columbia.

We urge you to support the continuation of funds for projects which initiate recreational services for persons with disabilities. Authority for this program is contained in Section 316 of the Rehabilitation Act of 1973, as amended.

RECOMMENDATION: The National Recreation and Park Association recommends a FY 1987 appropriation of $4.5 million for Special Recreation Programs for persons with disabilities.

This request reflects a new priority towards enhanced community integration, an expanded scope of service delivery, and a more permanent and sustained contribution to comprehensive rehabilitation services.

In FY 1986, program priority has been given to supporting services in the least restrictive environment that enable increased independence and integration in the community. Recent research on the efficacy of Special Recreation Projects has shown that federal grant support can improve the rehabilitation and independence of persons with disabilities. In addition, Special Recreation Program funding has increased cooperative efforts amongst therapeutic recreation specialists in clinical and community settings thereby assisting persons with disabilities in transitional adjustments to work and community living. Projects provide a broad range of activities and related experiences including sports, music, dance, arts and crafts, camping and scouting, as well as leisure education and resource development.

Despite evidence of progress, the need for recreation as an integral part of community integration continues to exist. Recreation and leisure involvement is not an automatic part of a disabled person's life, easily incorporated into their activity. A nationwide survey of 1,000 disabled persons by Louis Harris and Associates revealed that these individuals socialize less with friends and family and are less involved in community activities than those without disabilities.

Continued need is also evident in the more than 200 proposals that come to RSA each year for funding special recreation projects under Section 316 of the Rehabilitation Act. Only 28-30 proposals can ever be funded. Over the past five years, 133 funded programs have resulted in an expansion of recreational opportunities which have directly impacted the lives of more than 100,000 people with disabilities. However, a major constraint to the success of these programs in terms of Congressional objectives is the one year funding limitation. That is, the projects barely have time to get started before they lose funding, making it exceedingly difficult to find local sources to continue funding the project. Nevertheless, a number of model programs have been able to do this because of their demonstrated value and worth.

Thank you for your consideration of our request for $4.5 million for Special Recreation Programs for persons with disabilities. The National Recreation and Park Association will be pleased to provide additional information or other assistance to the Appropriations Subcommittee on Labor, Health and Human Services, and Education, if necessary.

SUBCOMMITTEE RECESS

Senator WEICKER. Thank you very much.

Senator HARKIN. Thank you very much for being here.

The subcommittee will stand in recess until tomorrow morning, May 14, at 9 a.m. when we will meet in Dirksen 116. At that time we'll hear from the Health Resources and Services Administration, Department of Health and Human Services.

[Whereupon, at 12 noon, Tuesday, May 13, the subcommittee was recessed, to reconvene at 9 a.m., Wednesday, May 14.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

THURSDAY, MAY 15, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:35 a.m., in room SD–116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Hatfield, Specter and Inouye.

NONDEPARTMENTAL WITNESSES

STATEMENT OF ANNE RICHARDSON, CHAIRMAN OF THE BOARD, READING IS FUNDAMENTAL, INC.

ACCOMPANIED BY RUTH GRAVES, PRESIDENT, READING IS FUNDAMENTAL, INC.

Senator WEICKER. This morning we will continue our public witness hearings with testimony concerning elementary and secondary education and higher education and related agencies. Again, I would appreciate it if witnesses would keep their testimony to the time indicated on the clock and by the lights. Not so much as an accommodation to the Chair, as an accommodation to your fellow witnesses. We have quite a number of witnesses here. I am delighted to see all of you. I want to be sure that everybody gets a fair hearing.

With that, I have my old friend, Anne Richardson, chairman of the board, Reading is Fundamental, Inc., as our first witness.

Ms. RICHARDSON. Thank you very much, Mr. Chairman, on behalf of Reading is Fundamental, RIF, for the opportunity to testify on the fiscal 1987 appropriation for the Inexpensive Book Distribution Program [IBDP] in the Secretary's discretionary fund of the Education Consolidation and Improvement Act [ECIA]. RIF operates this program under contract to the Department of Education.

We thank this subcommittee for all their efforts on behalf of the book program and for the fiscal 1986 appropriation of $7 million.

In its budget justification, the Department of Education says that of the mandated programs, including the book program: "At the present time the Department estimates that it will fund all of the mandated activities at their 1986 enacted levels." We urge this committee to assure adequate funding for the highly successful IBDP by specifying its funding level.

Reading is Fundamental respectfully recommends that Congress specify a fiscal 1987 appropriation of $7.8 million to maintain the IBDP at its current level of services. With an appropriation of $7 million level funding for the third year, we now reach nearly 2.2 million children.

Because book costs continue to rise much faster than the inflation rate, an increase to $7.8 million is needed to assure we can continue services to these young people.

Also, the Department has once again asked Congress to delete the ECIA wording that mandates the Secretary first fund from discretionary funds the IBDP at least in amounts necessary to sustain the activities at fiscal 1981 levels. Congress has repeatedly rejected such requests to eliminate the discretionary fund mandates, and we urge you to do so again.

The IBDP addresses a serious national problem—the growing number of young people who can't or won't read. It is clearly less costly to prevent illiteracy than to remedy it. The book program is getting young people to read in settings as diverse as schools, migrant labor camps, housing projects, centers for the handicapped, in more than 10,000 locations through 3,100 local projects through the United States. It does so at the remarkably low cost to the Government of $3.18 per year per child.

Evidence mounts that the book program gets children to read more, to use the library, and to read better. It also attracts widespread support from the private sector. I recently visited Hartford and the program there which serves an 83-percent minority population, receives support from 15 local businesses and other groups.

We estimate that for every Federal dollar, RIF and its projects leverage more than $3 in private funds, goods, and services. Some 92,000 local volunteers, 40 percent of them parents, operate and make all the important decisions in operating these grassroots programs.

The program's nationwide success has led to a growing demand. We could fund 800 or 1,000 new programs each year were the funds available.

All recent major studies on reading underscore the importance of books in the home, motivating children to read, parental involvement and independent reading—all the key ingredients of the inexpensive book program.

Because the inexpensive book program succeeds in getting young people to read, is a low-cost and effective way to help prevent illiteracy, and is in great demand nationwide. Reading is Fundamental respectfully requests the Congress to specify a fiscal 1987 appropriation of $7.8 million for the Inexpensive Book Distribution Program and to deny the Education Department's request to waive the provisions of section 583(B) mandating funding for the IBDP.

Thank you, Mr. Chairman.

Senator WEICKER. Thank you, Anne.

You say in 10,000 locations across the Nation, RIF volunteers are giving the gift of literacy to millions of young people. How do they reach the people that are the beneficiaries of this program?

Ms. RICHARDSON. Well, the local people who found the project come to us in setting it up. They choose which people to serve, and they choose schools or libraries, juvenile detention centers, day care centers, any kinds of situations where children can congregate and come together for the activities and for the book distributions. And so it's really—it's a question of the people who run the project and who see the need.

We have many, many projects, for instance, in migrant labor camps because there are people who see the need and they set them up.

Senator WEICKER. Where does most of the money go? You obviously have a large volunteer organization, so where does most of the money go? Into the books themselves?

Ms. RICHARDSON. To the books themselves. It's three books a year for 2.2 million children—Ruth, you're better on figures than I am. It's a major portion of that goes—I think 92 percent?

Ms. GRAVES. We have in the total appropriation between 10 and 12 percent goes to operate the program, about 9 to 10 percent goes to provide the technical assistance; material, the guidance, the workshops, all the things on motivating children to read, and the remaining 79 to 80 percent goes for books. There are no administrative funds provided to local programs at all. It's all volunteer.

PREPARED STATEMENT

Senator WEICKER. Thank you very much for your testimony, I appreciate it. Thank you.

We will place your statement in the record in its entirety.

[The statement follows:]

STATEMENT OF ANNE RICHARDSON

On behalf of Reading Is Fundamental (RIF), I thank you, Mr. Chairman, and this Subcommittee for the opportunity to testify on the FY 1987 appropriation for the Inexpensive Book Distribution Program (IBDP). (Education Consolidation and Improvement Act (ECIA), Chapter II, Subchapter D, Secretary's Discretionary Fund, Section 583 (b) (1).)

This Subcommittee has consistently been in the forefront to assure that our young people are well served by Federal programs. We are particularly grateful for all your efforts on behalf of the Inexpensive Book Distribution Program.

Thanks to the Congress, the Book Program is turning millions of today's youngsters into tomorrow's readers through a grassroots reading motivation program that spans all 50 states and U.S. offshore possessions. Reading Is Fundamental (better known as RIF) has administered the IBDP since Congress created the program in 1976, modelling it on RIF's demonstrated method for preventing illiteracy.

Evidence mounts that this low-cost program achieves remarkable results in improving children's attitudes toward reading, the amount of time they read, their use of libraries, their reading abilities, and their parents' involvement in their education.

R.I.F. RECOMMENDATION: FISCAL 1987 APPROPRIATION OF $7.8 MILLION FOR THE IBDP

In its FY 1987 budget justification, the Department of Education says of the mandated programs, including the IBDP:

> "At the present time the Department estimates that it will fund all of the mandated activities at their 1986 enacted levels." (Italics ours.)

We respectfully urge this Committee to assure adequate funding for the highly successful IBDP by specifying the level at which it is to be funded.

Reading Is Fundamental respectfully recommends that the Congress specify a Fiscal '87 appropriation of $7.8 million to maintain the IBDP at approximately its current level of services.

With an appropriation of $7 million, the book program currently serves nearly 2.2 million children with 6,950,000 books. With a fiscal '87 appropriation of $7.8 million we estimate that we could continue to serve between 2.1 and 2.2 million youngsters, assuming that book costs rise no more than 11 percent. (Experience shows that book prices have risen during the last five years at the rate of 11 to 14 percent per annum.)

Taking into account the inflation rate for books, by the time fiscal 1987 appropriated funds become available to this forward-funded program, level funding at $7 million would result in 400,000 fewer children being served. The increase is needed to assure maintenance in the level of services.

R.I.F. RECOMMENDATION: RETAIN WORDING MANDATING FUNDING OF THE IBDP

The Department of Education has once again asked the Congress to delete the mandating wording included, with bipartisan support, in Chapter II, Subchapter D, Secretary's Discretionary Fund, Section 583 (b) (1), which reads as follows:

> (b) "From the funds reserved for the purpose of this section, the Secretary shall first fund -
>
> (1) "The Inexpensive Book Distribution Program (as carried out through 'Reading Is Fundamental')...at least in amounts necessary to sustain the activities...at the level of operations during Fiscal Year 1981..."

Reading Is Fundamental respectfully urges the Congress to reject the Department's request to override the mandatory set-asides of this section of the ECIA.

Congress had sound reasons for including the mandate. The events of the last two years have revealed just how wise Congress was to do so. This mandate protected the Book Program from serious disruption, even possible elimination, during the prolonged legal dispute between the Education Department and the Chicago Board of Education. Such prudent use of Congressional authority assures continuity of vital services through unpredictable events such as the Chicago suit, as well as through the more predictable changes in administration and Federal agency personnel.

With equal wisdom Congress has repeatedly rejected the Department's requests to eliminate the Discretionary Fund mandates.

We gratefully acknowledge that much of the Book Program's success is due to the stability Congress provided through the mandatory wording.

We now respectfully urge the Congress, once again, to reject the Department of Education request to eliminate the mandatory set-asides of Section 583 (b).

THE IBDP ADDRESSES A CRITICAL NATIONAL PROBLEM

This Committee knows only too well the tragic consequences of illiteracy in this country. Here is but a brief recapitulation of some of the findings:

- Six percent of nine-year-olds cannot follow the most rudimentary reading instructions, putting them in jeopardy of future school failure.
- Forty percent of 13-year-olds and 16 percent of 17-year-olds have not acquired intermediate reading skills.
- In 1984, the Army spent more than $14 million to bring its recruits up to ninth grade levels in reading.
- Approximately two-thirds of U.S. colleges and universities find it necessary to provide remedial reading and writing courses for students.
- Youngsters with below average reading skills are twice as likely to drop out of school.
- There is a high correlation between illiteracy and unemployment, and illiteracy and crime. It is estimated that three fourths of the unemployed and 60 percent of the prison population are illiterate.

If we fail to instill in our young people the desire to read, our future prosperity, even our future as a democratic society will surely be jeopardized. In an "Age of Information," there are hard times ahead for young people who lack the single most important skill for success -- the ability to read. And there is the real cost to the taxpayer of future remediation, lost productivity, welfare costs, correctional costs.

Without question, the problem becomes more difficult, as well as more costly, the longer we wait.

THE IBDP/RIF METHOD

The most effective and cost-efficient approach to the problem is the prevention of illiteracy. The IBDP is the only nationwide program of its magnitude working with youngsters to prevent illiteracy.

Reading is a skill and habit most easily acquired at an early age, so the IBDP targets its resources to young people, showing them the appeal of reading and letting them choose books they like -- to take home, to keep, and to read.

The program is carried out at the community level by a volunteer work force of 2,000 local citizens who make all the important decisions, such as which books to buy, which children to serve, and what activities to use to relate these books to the child's own world. I only wish there were time for me to catalogue the dynamic activities these volunteers devise to make books meaningful to children. As a result of their special efforts, children read widely and develop the knowledge and information so essential to comprehension and to both the basic and higher order reading skills.

Nearly 40 percent of the RIF volunteers are parents. Through their work in the RIF program and through the books their children bring home, millions of parents have awakened to the vital role they can play in encouraging their children to learn and read.

THE IBDP GOES WHERE CHILDREN GO

Thanks to the funding provided through the IBDP, books and a love of reading are reaching children in virtually every type of setting where children congregate in schools, libraries, migrant worker camps, Indian reservations, day care centers, schools for the handicapped, correction centers, programs for non-English speaking immigrants.

This grassroots program is reaching children in some 10,000 locations through more than 3,100 local projects in all the 50 states, the District of Columbia, Puerto Rico, the Virgin Islands and Guam.

Since its founding in 1966, RIF has brought approximately 72 million books into American homes. Of that number, 66 million were placed in the hands of America's children through the IBDP.

The program has been so successful that many other communities nationwide want it for their children. But, of course, we have been unable to fund new programs for lack of funds. Our mail tells us that with sufficient monies we could easily add 800 to 000 new programs, reaching an additional 550,000 to 700,000 more children each year.

THE IBDP IS COST EFFECTIVE

It is clearly less costly to prevent illiteracy than to remedy it. This year RIF will reach an estimated 2.2 million young people for the remarkably low cost to the government of only $3.18 per child.

The IBDP also serves as leverage, drawing private funding to provide additional services to local groups and parents nationwide to help them encourage children to read. Among the multipliers of the Federal effort are the 8,345 local community businesses and organizations providing services and matching funds; the more than 4,500 work years, or 9.4 million hours donated by volunteers since the IBDP began; the hefty book discounts RIF negotiates on a nationwide scale with 357 book suppliers (most projects purchase books at an average 40 percent discount); and other aids and services RIF is able to provide to children and local projects. The latter includes nationwide public education programs and reading campaigns, and workshops and publications for parents. All are provided at no cost to the Federal government.

We estimate that because of RIF's unique partnership between the public and private sector, for every $1 of Federal IBDP funds appropriated, Reading Is Fundamental and its local projects leverage about $3.11 in private funds, goods and services.

STUDIES SUPPORT IBDP/RIF METHOD

Three recent studies have underscored the soundness of the IBDP/RIF method.

The comprehensive National Institute of Education report, released last Spring, lists prerequisites for a child's development as a reader. Many of these -- books in the home, activities that encourage reading, allowing children to choose their own books -- are key elements of the IBDP/RIF method. The report states, for example:

> "Reading itself is fun...Increasing the proportion of children who read widely and with evident satisfaction ought to be as much a goal of reading instruction as increasing the number who are competent readers...an essential step in reaching that goal is providing children ready access to books that interest them."

"The Reading Report Card," a National Assessment of Educational Progress study released in September, 1985, again confirmed the correlation between reading matter in the home and children's reading skills:

> "The relationships between available reading material and reading proficiency are as notable as those for level of parental education."

And What Works, a 1986 Education Department report on consistent findings in research about teaching and learning, emphasizes the importance of motivation, parental involvement, reading in the home, and reading widely and often. Of special interest:

> "Children improve their reading ability by reading a lot. Reading achievement is directly related to the amount of reading children do in school and outside."

WITH HELP FROM THE IBDP, CHILDREN CAN AND DO READ

Each year RIF receives thousands of reports from school administrators, teachers, librarians, parents and others knowledgeable about local IBDP projects. They report numerous beneficial effects, but certain results are reported with striking consistency.

The most often noted are RIF/IBDP contributions to:

° Improved attitudes toward reading by the youngsters

° Children reading more, and becoming more discriminating in their book selections

° Parents becoming involved with their children's reading and education

Increased library circulation

° Increased reading achievement

Typical of the comments we receive is this from a RIF coordinator in Hartford, Connecticut:

> "Seventy percent of the families of school children that receive RIF books fall below the national poverty line and receive some form of state and federal assistance. These children do not have the opportunity to own books and without RIF there would be no reading material in their homes."

From a school superintendent in Sturgeon Bay, Wisc., we hear:

> "In my 30 plus years in education, I have not seen a program that excited children about books as the Reading Is Fundamental program does. It is a thrill to see hundreds of children pleased to select their own book and treasure it. There is no other national education program that has a greater influence upon children's reading habits."

A study of more than 1,300 youngsters conducted by educational researchers from Tennessee Technological University in Cookeville, Tenn., concluded that the RIF approach improved the reading habits of school children and helped them to "translate positive attitudes into active reading" in just one year.

THE IBDP IS AN ECONOMICAL, EFFECTIVE WAY TO PROMOTE LITERACY

Today in 10,000 locations across the nation, RIF volunteers are giving the gift of literacy to millions of young people. For just as illiteracy can be passed from generation to generation, so too can literacy. If we could but reach one generation of young people -- a generation that would grow up reading and instill in the next generation the desire and ability to read -- we might yet break through the illiteracy cycle.

In a nation as wealthy and concerned as ours, this is not an unreasonable goal.

BECAUSE THE IBDP

° Is a proven means to get young people to read;

° Is a low-cost, effective way to help prevent illiteracy;

° Addresses a significant national problem;

° Offers a means for local citizens to become engaged in the literacy effort;

° And is in great demand nationwide:

READING IS FUNDAMENTAL RESPECTFULLY REQUESTS THE CONGRESS:

— To specify a Fiscal 1987 appropriation of $7.8 million for the Inexpensive Book Distribution Program;

and

— To deny the Education Department's request to waive the provisions of Section 583 (b) mandating funding of the IBDP.

STATEMENT OF GERALD MORRIS, ASSOCIATE DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF TEACHERS, AFL-CIO

Senator WEICKER. Next is Gerald Morris, the associate director of legislation of the American Federation of Teachers [AFT].

Mr. MORRIS. Mr. Chairman, substituting for Greg Humphrey who couldn't be here today, and I'd like to extend his regrets and I'd like to just briefly summarize his statement

First of all, I want to thank you for the opportunity to present the AFT's views on appropriations for education for fiscal 1987. We recognize that it's a difficult task to sort through all the priorities and come up with a package. We also appreciate your strong effort in behalf of education; I might say particularly your strong support in the recent budget resolution, which we think is going to open the door for some new opportunities in education.

The AFT believes that Congress must take steps now to reverse the trend of unilateral disarmament in education that was identified just a little over 3 years ago in the report, "A National At Risk." And we would like to work with the Congress and with other interested parties to do what we can to restore the ground that's been lost in the last 6 years.

We also believe this is supported by the public. The "National at Risk" report cited a Gallup poll at the time that indicated that education was the highest priority for additional Federal funds; beyond military or other kinds of expenditures.

Our request for fiscal year 1987 appropriations would be that the subcommittee begin the process of restoring the purchasing power in education programs that's been lost over the last 6 years. An important beginning step would be restoring the funds lost on March 1 of this year by the first Gramm-Rudman cut, and then adjusting that amount upward for inflation in fiscal year 1987. Fortunately, the recently passed Senate budget resolution demonstrated their strong support for this kind of an increase, and provides room to recoup the losses and cuts since last year, and also to provide some additional growth for other programs.

As much as there is need for a general restoration of Federal education programs, some programs really call out for special attention and consideration. One of these is chapter I. We would like to see something on the order of a $500 million increase above the inflation adjustment to try and begin restoring the cuts and the losses over the years, which as you know amount to something like a half billion students fewer who are receiving services. We think that the record of chapter I warrants this kind of support.

With respect to education of the handicapped, we would like to see an additional $250 million which apparently is one-half of the amount needed to return to the 12-percent level Federal share, and then moving beyond that in the next year to try to restore the full share. We think with the Federal mandates in that area and the loss of ground, that this obviously warrants attention.

In the area of higher education student assistance, we would like to see additional funding of $370 million or something of that order, which would help restore the cuts and the shortfall in that program.

Finally, I'd like to say that we would like to see full appropriations for the talent and teacher fellowships and the Carl Perkins scholarships. The Perkins scholarships were funded at about one-half the authorized level last year but have been tied up in that the regulations necessary to implement the program have not been released. We would like to see this program fully funded. We think it's a promising model based on the Reserve Officers' Training Corps [ROTC] Program, and will be an effective model in helping deal with the teacher shortage. And we think the teacher fellowships, which is a small program, are nonetheless an incentive in the recognition of good teachers.

PREPARED STATEMENT

That concludes the statement. I'd like to say that we thank you again for the opportunity and would be happy to respond to any questions.

[The statement follows:]

STATEMENT OF GERALD MORRIS

Thank you for this opportunity to present the views of the American Federation of Teachers on education appropriations for Fiscal Year 1987. The American Federation of Teachers recognizes that the Subcommittee has a difficult task to provide adequate funding for federal education programs. We appreciate your continuing effort to maintain the important federal role in education. Before commenting on appropriations, however, I would like to briefly express our strong opposition to funding cuts proposed by the Reagan Administration. The Administration has sought repeatedly to drastically reduce the federal commitment to education. Apparently members of the Administration cannot understand that investment in education is our society's most productive investment for the future and that the federal government has a vital role in meeting national educational needs. In particular I must speak against the proposed one-half cut in Vocational Education, elimination of Impact Aid B's, elimination of aid to the Virgin Islands, and wholesale cuts in higher education student aid.

Several years ago we applauded the report, A Nation At Risk, which documented the great need for educational renewal in the United States. Unfortunately, Mr. Chairman, our nation continues at risk! This is due, in part, to a shrinking federal role in education - as measured in real dollars. A recent Congressional Research Service report shows that when adjusted for inflation, total federal funds for education programs have decreased by about 16 percent since 1980. Federal education programs now provide only 7 percent of total estimated expenditures for education in the United States. The AFT believes Congress must act now to reverse the trend of unilateral disarmament in education. We must all work together to regain the ground that has been lost in the last half-dozen years.

I mentioned the report, A Nation At Risk, not only because of its dire warning, but because of its statements on funding priorities. The report said that, based on commission hearings and based on a Gallup Poll, it was clear that Americans wanted education placed at the top of the national agenda. The 1982 Gallup Poll on the Public's Attitudes Toward The Public Schools showed that education was viewed as more important than developing the best industrial system or the strongest military. The public clearly believed that education should be the top priority for additional federal funds. We at the AFT believe the public wanted then, and wants now, the reestablishment of a constructive federal role in education.

The AFT requests that in its markup of legislation for FY 1987 appropriations, the Subcommittee begin the process of restoring the purchasing power of federal aid to education. An initial, important step would be restoring the funds cut on March 1st of this year by Gramm-Rudman and then adjusting that FY 1986 amount upward for inflation. Fortunately the recently-passed Senate budget resolution demonstrated there is strong support in Congress for such an increase. The budget resolution provides ample room to recoup all losses due to cuts and inflation since last year and to regain additional ground for selected programs.

As much as there is need for a general restoration of federal education programs, some programs call out for special consideration. Chapter One, E.C.I.A., increased in funding nearly 15 percent between FY 1980 and FY 1986. Yet, in constant dollars, funding declined by nearly 24 percent. There has also been a loss of more than one-half million students served. The AFT requests an increase of funding for Chapter One of 500 million dollars in FY 1987 over the FY 1986 level. This would not only restore the March 1st cut and adjust for one year of inflation, but would regain some of the ground lost in number of students served. We believe the excellent record of accomplishment by Chapter One warrants such support.

Federal support for Education of the Handicapped has decreased significantly in real dollars. The federal share of "excess costs" declined from more than 12 percent in FY 1980 to less than 9 percent in the current year. The AFT requests additional funding of 250 million dollars in FY 1987, which is approximately one-half of the amount needed to return to the 12 percent federal share in paying for federally mandated services. FY 1988 should see the full restoration to the 12 percent level.

Funding of Pell Grants for needy college students has increased more than one-third between FY 1980 and FY 1986. Yet, the amount of costs at a public 4-year institution covered by the maximum grant has declined from approximately 70 percent when the program originated to only about 40 percent at present. The AFT requests additional funding for Pell Grants in the amount of 370 million dollars for FY 1987. We believe such an increase is reasonable, given the importance of the Pell Grant program as a foundation for needy students to attend college. It would restore the recent cut and shortfall.

The AFT is especially supportive of full appropriations for Talented Teacher Fellowships and the Carl Perkins Scholarship Program. The Perkins Scholarships were funded at approximately one-half the authorized level for FY 1986, but the Administration has yet to release regulations necessary to implement the program. The Perkins Scholarships are modeled on the highly successful R.O.T.C. program, and are, we believe, an important innovation to attract bright students into the rapidly depleting ranks of teaching. Given the delayed start-up and the magnitude of the impending shortage of teachers, full funding of 21 million dollars is justified. The Teacher Fellowships, at a funding level of 2 million dollars for FY 1987, are also justified. These fellowships will provide much needed recognition and encouragement to outstanding teachers.

Senator **Weicker**. In other words, you don't think that going around the countryside handing out copies of "What Works?" is sufficient to meet the educational needs of the country?

Mr. **Morris**. No; that doesn't quite get it.

Senator **Weicker**. I should alert you that in our reauthorization efforts on Public Law 94–142, where as you know I'm going to try to bring the age back to birth, and to close the 3- to 5-year old loopholes at the State level, a letter was received yesterday by Chairman Hatch from Secretary Bennett opposing that reauthorization. By virtue of that fact, because believe me, I intend to make this an issue, for the Nation to decide what it wants to do. And when I say make an issue out of it, I'm going to make an issue out of it.

Before we move to anything else that might be pleasing to our individual agendas, we're going to take care of this business. Nothing has proven to be so outstanding, even under, I might add, the adverse funding conditions of the past several years that you alluded to in your statement, nothing has been so successful as that law. And to go ahead and deny it to any young American borders on the criminal, because indeed, if they don't get that education, as you well know, the opportunity cannot be recaptured at a later date.

So I alert you and your forces to that piece of intelligence, and let's hope that we cannot only get the reauthorization with the changes, but also, as you correctly indicate, at a funding level here that is more commensurate with the law as it was originally written.

Even when you talk about the 12 percent, that's 28 percent short of what was the original goal. That's where we sit. Thank you.

STATEMENT OF MICHAEL CASSERLY, DIRECTOR OF LEGISLATION AND RESEARCH, COUNCIL OF THE GREAT CITY SCHOOLS

Senator **Weicker**. Michael Casserly, the director of legislation research, the Council of the Great City Schools.

Mr. **Casserly**. Thank you, Mr. Chairman. I am Michael Casserly, director of legislation and research for the Council of Great City Schools and I'm pleased to have this opportunity to testify before this important subcommittee on fiscal year 1987 spending for elementary and secondary education.

First of all, I'd like to thank you for your leadership in the recent budget fights to boost up the ceilings in the fiscal year 1987 budget for education, and particularly in the area of Public Law 94–142 and other handicap initiatives. And I must say that I share your enthusiasm for the "What Works?" report. [Laughter.]

Mr. Chairman, our inner city schools serve approximately 4½ million inner city youngsters, or about 11 percent of the Nation's public school enrollment. Approximately 32 percent of the Nation's black children, 27 percent of the Hispanic children, and 21 percent of the Asian children in the Nation are being educated in our inner city public school systems. Almost one-third of our enrollments are children who reside in families receiving public assistance and nearly one-half are in female-headed households.

I'd like to devote my testimony, Mr. Chairman, this morning to review of trends in Federal funding for urban schools since 1980, and I'd also like to make a number of recommendations to the subcommittee about fiscal year 1987 funding.

As you know, Mr. Chairman, the administration's fiscal year 1987 budget proposal represents further erosion in the Federal financial assistance for elementary and secondary education. For every $100 spent by the Federal Government in fiscal year 1980, $1.10 of it went for elementary and secondary education; yet in fiscal year 1986 for every $100 spent by the Federal Government, only 69 cents of it would now go for this level of education. This slippage represents a 40-percent reduction in the Federal Government's overall financial effort on part of elementary and secondary education in just 6 years.

If the Federal Government had maintained—or if the administration had continued to maintain the same level of fiscal year 1987 in its proposal as it did in fiscal year 1980, then fiscal year 1987 proposal on the part of the administration for elementary and secondary education would have been $12.1 billion rather than just under the $7 billion that it did recommend.

The 37 urban districts comprising our organization received approximately $1.7 billion from the Federal Government in the current school year. Of this amount, about two-thirds of it comes from programs within the jurisdiction of this subcommittee, including $1 billion from the Department of Education, $27 million from the Department of Labor, and $43 million from the Department of Health and Human Services. This total amount compared with $1.2 billion from these same sources in fiscal year 1980 yere down 8.5 percent since that period, without correcting for inflation.

The Federal funding that we expect to receive in the coming school year, however, is down 42 percent since fiscal year 1980 when we correct for inflation. Funding through the Department of Education to these inner city school systems is down 33 percent after one corrects for inflation; Department of Labor down 90.1 percent; and Department of Health and Human Services down 49 percent.

Our current data, Mr. Chairman, indicates that this loss in purchasing power is not made up through either an improved economy or State, local, and private sources, as this administration has contended. In fact, the recent educational reform movement appears to be so generalized in nature as to miss the specialized needs of the urban and rural poor, and inadequate to offset the Federal losses that they have suffered.

In addition, the Department of Education's hostility to public education, particularly in urban areas, is such that any hope of future Federal aid being initiated by this administration is being squelched.

One final point. Recent Department of Education testimony before this subcommittee left the erroneous impression that upwards of 80 percent of eligible chapter I children are receiving services. A careful examination of the data, however, show that may be as few as 31 percent but certainly no higher than 45 percent of eligible children receive chapter I services.

No matter how one counts the data, however, it is clear that chapter I has lost approximately 600,000 children since fiscal year 1980. In inflation-corrected terms, the program's funds are down 28 percent since that period.

Furthermore, many LEA's continue to lose funding because of the mandatory switch to the 1980 census, and the program has been made dramatically more expensive because of the *Aguilar* case.

Because of these and other factors, Mr. Chairman, we would recommend at least an additional $350 million in the chapter I program in fiscal year 1987. And let me make mention of two other programs. One, the Magnet School Assistance Act, which we would recommend $75 million for, which is the current level of funding. There's every indication as we move into the second year of the program that this legislation is working exactly as intended.

And finally, Mr. Chairman, we would like to recommend that the subcommittee reserve $50 million for a new authorization which we hope to get this year for the Dropout Prevention and Re-entry Act, whose principal sponsor is Senator Specter from Pennsylvania.

PREPARED STATEMENT

Senator WEICKER. Thank you very much, Mr. Casserly, we appreciate your testimony.

[The statement follows:]

STATEMENT OF MICHAEL CASSERLY

Mr. Chairman, my name is Michael Casserly, Director of Legislation and Research for the Council of The Great City Schools. I am pleased to have this opportunity to testify before this important subcommittee on federal spending for elementary and secondary education programs.

Currently in its 30th year, the Council of The Great City Schools is a national organization comprised of 37 of the nation's largest inner-city public school systems. Our leadership is comprised of the superintendent and one Board of Education member from each city, making the Council the only education group so constituted and the only one whose membership and purpose is solely urban.

The Council's membership serves 4.2 million inner-city youngsters, or about 11% of the nation's public school enrollment. Approximately 32% of the nation's Black children, 27% of the Hispanic children, and 21% of the Asian children are being educated in our schools. Almost one-third of our enrollments are of children who reside in families receiving public assistance, and nearly 75% of our average enrollment is minority.

Mr. Chairman, I would like to devote my testimony this afternoon to a review of trends in federal funding for our urban schools since FY80. I would also like to make a number of recommendations to the Subcommittee about FY87 funding.

The Administration's FY87 budget proposal represents further erosion in federal financial aid for elementary and secondary education. For every $100 spent by the federal government in FY80, $1.10 of it went for elementary and secondary education; for every $100 spent in FY87, however, only 65¢ would be for this level of education under the new budget plan. This slippage represents about a 40% reduction in the federal government's overall financial effort on the part of elementary and secondary education. If the federal government maintained the same level of effort in FY87 as it did in FY80, then the FY87 proposed funding for elementary and secondary education would be about $12.1 billion rather than just under $7.0 billion.

The 37 urban districts comprising the Council currently receive $1.695 billion[1] from the federal government in this 1985-86 school year, less than a 0.4% increase from the 1980-81 school year. Next school year, the federal allotment to city schools is expected to drop 1.5% because of Gramm-Rudman to a level that is 1.1% below the 1980-81 school year in nominal dollar terms.

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[1] Amount based on data from 32 of the 37 Council districts.

Of the current $1.695 billion, the urban schools receive about $1.113b of it or 65.6% from programs within the jurisdiction of this subcommittee; including $1.043 billion from The Department of Education, $27.4 million from the Department of Labor and $42.6 million from The Department of Health and Human Services. This total amount compares with $1.216 billion from these same sources in 1980-81, down 8.5% mostly as a result of the repeal of CETA. Next year we project that the urban schools will receive about $1.067 billion from programs under the jurisdiction of this subcommittee, down 4.2% from the current school year.

The federal funding that we expect to receive in FY86 (the 1986-87 school year) is about 41.8% below what we received in FY80 when we correct for inflation. Funding through The Department of Education is down 32.8%, The Department of Labor is down 90.1% and through The Department of Health and Human Services down 48.8%--see Table 1).

If we look only at The Department of Education funds, then we see that the urban school share of federal elementary and secondary school funds has gone from 13.96% in FY80 to 13.59% in FY86. That the urban school share has not declined is due in part to The Chairman's commitment to both Chapter 1 and the new Magnet schools program. For this, Mr. Chairman, we are most grateful.

Table 1. Urban School Loss in Funding From Various Federal Agencies, 1980-1986

Department	Nominal Dollar Change	Inflation Corrected Dollar Change
Department/Education	+ 1.4%	- 32.8%
Department/Labor	- 85.1	- 90.1
Department/HHS	- 22.8	- 48.8
Totals	- 8.5%	- 41.8%

Our current data, which we would be happy to share with The Chairman, indicate this loss in purchasing power has not been made up through either on improved economy or state/local/private sources as The Administration has contended. In fact, the recent educational reform movement appears to be so general in nature as to miss the specialized needs of the urban or rural poor and so inadequate as to fail to offset federal losses. In addition, The Department of

Education's hostility to public education, particularly in urban areas, is such that any hope of future federal help is being squelched.

One final point: recent Department of Education testimony left the erroneous impression that upwards of 80% of eligible Chapter 1 children are receiving services. A careful examination of the data shows that maybe as few as 31% but certainly no higher than 45% (depending on how counts are made) of eligible children receive needed Chapter 1 services. No matter how counts are made, however, it is clear that Chapter 1 has lost about 600,000 children since FY80. In inflation corrected terms, the program's funds are down about 28.2% since that time. Furthermore, many LEAS continue to lose funding because of the mandatory switch to the 1980 Census for funds distribution, and the program has been made dramatically more expensive because of the recent Aguilar v. Felton case. And finally, the substantial increase in the numbers of poor children in the nation since 1979-80 has left a much larger pool of eligible recipients without service.

Mr. Chairman, we recommend that Chapter 1 be increased in either an FY86 supplemental or in FY87 by at least $350 million in order to meet these important needs.

One additional program deserves mention: the Magnet Schools Assistance Act. This important program is currently serving 44 grantees to establish and operate magnet school programs in urban areas and small towns. There is every indication as we move into the second year of the program that the legislation is working exactly as intended. We understand that The Department of Education will reopen FY87 funds for new competitions. We urge the Subcommittee to permit such competitions to include both old and new competitors on an equal basis.

Mr. Chairman, we recommend that the Magnet Schools program be funded in FY87 at a level of $75.0 million.

Finally, Mr. Chairman, we would like to recommend that the Impact Aid Bs be provided at least as much funds in FY87 as in FY86.

That concludes our testimony. I would be happy to answer any questions. Thank you very much.

Program-By-Program Federal Budget Allocations To Great City Schools
1980-81 to 1987-88
(FY80 to FY87)

	Actual FY80	Actual FY85	Pre Gramm-Rudman FY86	Post Gramm-Rudman FY86	Reagan Proposed FY87	10% Gramm-Rudman FY87
partment of Education						
Chapter 1 (Part A)	$ 579,302,171	$ 707,252,832	$ 707,252,832	$ 676,840,960	$ 720,767,538	$ 648,690,784
Migrants	2,339,387	2,958,726	2,958,726	2,831,500	2,265,200	2,038,680
Handicapped	9,740,237	12,593,907	12,593,907	12,052,369	12,593,907	11,334,516
Negl./Del.	1,183,097	1,827,217	1,827,217	1,748,647	1,827,217	1,644,495
St. Admin.	225,000	225,000	225,000	215,325	225,000	202,500
hapter 2	135,572,407	60,596,623	60,596,623	57,990,968	60,596,623	54,536,960
andicapped Education	76,323,898	84,666,687	90,407,088	86,519,583	83,529,545	75,176,590
Vocational Education	58,191,952	45,367,612	45,367,612	43,416,805	21,790,894	19,611,805
Adult Education	14,764,909	13,004,626	13,004,626	12,445,427	13,009,205	11,708,284
Bilingual Education	31,257,555	24,095,815	24,095,815	23,059,695	24,759,195	22,283,275
Indian Education	3,405,084	2,882,042	2,882,042	2,758,114	2,758,114	2,482,303
Impact Aid	61,486,090	24,623,861	24,623,861	23,565,035	3,100,000	2,790,000
Follow Through	7,983,980	1,016,537	762,403	729,619	0	0
Magnet Schools	--	50,955,603	50,955,603	48,764,512	50,955,603	45,860,043
Math/Science Education	--	6,227,798	2,802,509	2,682,001	0	0
Immigrant Education	--	(2,380,000)	(2,380,000)	(2,277,660)	0	0
Civil Rights IV-A	2,405,951	0	0	0	0	0
Career Education	326,203	0	0	0	0	0
Law Education	679,708	0	0	0	0	0
Women's Equity	292,703	187,151	187,151	179,104	0	0
Alcohol/Drug	695,000	484,665	484,665	463,824	484,665	436,199
Other[2]	102,300	1,467,485	1,467,485	1,404,383	750,000	675,000
Subtotal	$ 986,277,632	$1,042,814,187	$1,044,875,165	$ 999,945,533	$ 999,412,706	$ 899,471,435

Program-By-Program Federal Budget Allocations To Great City Schools
1980-81 to 1987-88
(FY80 to FY87)

	Actual FY80	Actual FY85	Pre Gramm-Rudman FY86	Post Gramm-Rudman FY86	Reagan Proposed FY87	10% Gramm-Rudman FY87
Department of Agri.						
Child Nutrition	$ 462,546,662	$ 564,879,124	$ 586,394,530	$ 586,344,530	$ 531,418,400	$ 531,418,400
Nutrition Education	233,671	15,000	0	0	0	0
Subtotal	$ 462,546,662	$ 564,894,124	$ 586,344,530	$ 586,344,530	$ 531,418,400	$ 531,418,400
Department of Labor						
CETA/JTPA	$ 176,578,214	$ 27,433,690	$ 27,433,690	$ 26,254,041	$ 13,599,788	$ 12,239,809
Subtotal	$ 176,578,214	$ 27,433,690	$ 27,433,690	$ 26,254,041	$ 13,599,788	$ 12,239,809
Department of Energy						
Conservation Grants	$ 3,472,817	$ 892,983	$ 889,488	$ 851,240	$ 0	$ 0
Subtotal	$ 3,472,817	$ 892,983	$ 889,488	$ 851,240	$ 0	$ 0
Department of HUD						
Community Developmt.	$ 4,074,289	$ 2,595,603	$ 2,331,385	$ 2,231,135	$ 1,586,336	$ 1,427,703
Subtotal	$ 4,074,289	$ 2,595,603	$ 2,331,385	$ 2,231,135	$ 1,586,336	$ 1,427,703
Department of HHS						
Title XX Day Care	$ 17,530,628	$ 14,608,208	$ 14,608,208	$ 13,980,055	$ 14,608,208	$ 13,147,387
Headstart	16,690,485	21,490,460	21,490,460	20,566,370	21,490,460	19,341,414
Refugee Aid[1]	18,607,952	(6,500,000)	(6,500,000)	(6,220,500)	0	0
Subtotal	$ 52,829,065	$ 42,598,668	$ 42,598,668	$ 40,766,925	$ 36,098,668	$ 32,488,801

Program-By-Program Federal Budget Allocations To Great City Schools
1980-81 to 1987-88
(FY80 to FY87)

	Actual FY80	Actual FY85	Pre Gramm-Rudman FY86	Post Gramm-Rudman FY86	Reagan Proposed FY87	10% Gramm-Rudman FY87
EPA						
Asbestos Detection+	$ --	$ 2,687,951	$ 2,687,951	$ 2,572,369	$ 0	$ 0
Subtotal	$ --	$ 2,687,951	$ 2,687,951	$ 2,572,369	$ 0	$ 0
Other						
Corp. Pub. Broadca.	$ 1,500,118	$ 1,564,409	$ 1,564,409	$ 1,497,139	$ 1,355,962	$ 1,220,366
Miscellaneous	1,856,453	9,930,120	9,847,230	9,388,225	692,979	662,889
GRAND TOTALS	$1,689,135,250	$1,695,411,735	$1,718,572,516	$1,669,860,137	$1,584,164,839	$1,478,889,403

+Includes both grants and loans

[1] Includes Cuban Refugee Aid

[2] Includes Reading is Fundamental, NIE grants, Arts in Education, BEOGs, Secretary's Discretionary grants, National Diffusion Network

[3] Includes National Endowment for the Arts, National Endowment for the Humanities, ACTION, ROTC, Johnson/O'Malley, Drivers' Education, Smoking Prevention, Pregnancy Prevention and others.

Estimated Federal Revenues To Great City Schools*

	Actual FY80	Actual FY85	Pre Gramm-Rudman FY86	Post Gramm-Rudman FY86	Reagan Proposed FY87	10% Gramm-Rudman FY87
Albuquerque	$ 15,996,218	$ 17,416,882	$ 17,730,411	$ 17,235,805	$ 16,148,493	$ 15,128,644
Atlanta	30,009,802	29,482,366	29,921,920	29,151,326	26,725,973	25,053,377
Baltimore	62,840,099	47,800,286	48,462,512	46,992,295	44,918,878	41,626,990
Boston	30,803,720	31,996,714	32,364,474	31,329,870	27,662,672	25,645,505
Buffalo	25,521,684	29,746,499	30,198,012	29,276,652	27,917,182	25,875,465
Chicago	182,201,840	200,667,113	203,267,730	197,437,722	192,766,516	179,689,865
Cincinnati	17,869,074	17,679,600	17,948,690	17,449,387	16,389,203	15,330,288
Cleveland	N/A	N/A	N/A	N/A	N/A	N/A
Columbus	25,010,688	23,130,154	23,428,466	22,751,544	21,570,266	20,103,240
Dade County	80,147,699	78,407,157	79,839,581	77,785,919	67,189,547	63,320,592
Dallas	34,140,269	35,243,017	35,778,187	34,886,919	33,019,395	31,067,455
Denver	21,282,522	20,248,599	20,481,407	19,860,371	18,843,139	17,528,825
Detroit	90,084,171	76,500,872	77,209,435	74,726,335	72,895,496	67,305,946
Fresno	N/A	N/A	N/A	N/A	N/A	N/A
Indianapolis	N/A	N/A	N/A	N/A	N/A	N/A
Long Beach	13,690,607	19,354,312	19,655,606	19,143,791	17,533,676	16,470,308
Los Angeles	187,410,277	174,635,368	177,649,262	173,988,180	165,810,013	158,029,012
Memphis	37,464,275	38,035,225	38,745,855	37,808,909	35,010,731	33,009,658
Milwaukee	34,797,799	34,567,568	34,948,055	33,869,310	33,641,090	31,206,981
Minneapolis	13,397,485	12,657,632	12,787,175	12,404,986	11,422,762	10,640,486
Nashville	14,774,921	14,956,845	15,183,720	14,759,888	13,608,601	12,753,740
New Orleans	31,100,757	36,017,507	36,437,667	35,361,820	30,991,829	28,842,646
New York	389,832,270	442,070,023	448,052,385	435,096,799	419,557,061	390,809,755
No[illegible]k	16,350,218	15,549,719	15,811,457	15,291,663	12,726,454	11,953,809
Oa[illegible]d	N/A	N/A	N/A	N/A	N/A	N/A
Om[illegible]	N/A	N/A	N/A	N/A	N/A	N/A
Pittsburgh	24,756,132	23,126,293	23,389,589	22,597,171	22,261,507	20,506,856
Philadelphia	113,491,472	101,842,856	102,720,695	99,249,420	95,935,056	88,245,550
Portland	15,172,024	13,523,897	13,713,897	13,257,296	12,774,635	11,791,172
Rochester	17,128,858	17,562,261	17,758,602	17,163,466	16,382,253	15,104,126

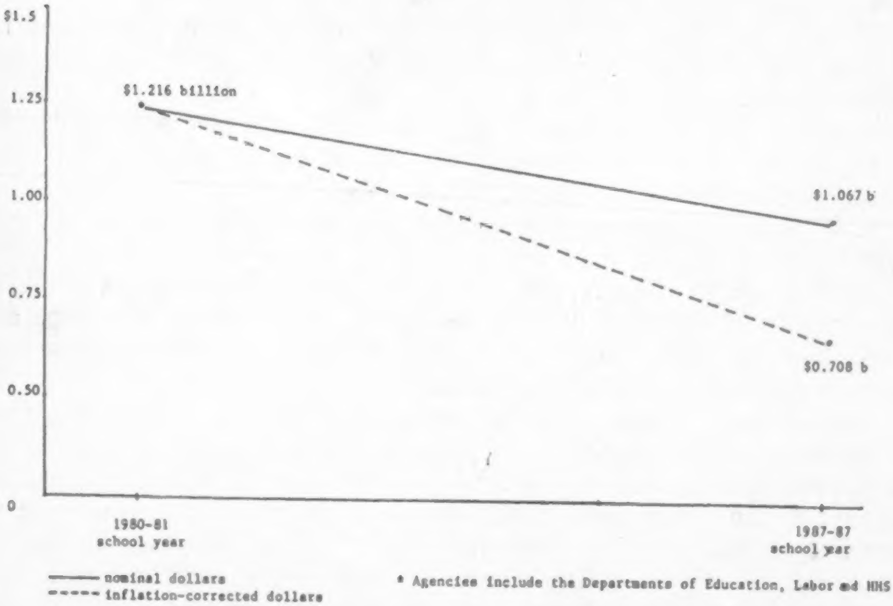
Estimated Federal Revenues To Great City Schools*

	Actual FY80	Actual FY85	Pre Gramm-Rudman FY86	Post Gramm-Rudman FY86	Reagan Proposed FY87	10% Gramm-Rudman FY87
San Francisco	22,873,022	20,104,806	20,389,655	19,803,018	17,490,394	16,368,859
Seattle	20,801,028	18,051,126	18,235,384	17,646,297	16,905,242	15,644,418
St. Louis	35,826,013	28,190,331	28,540,589	27,826,593	26,573,033	24,989,970
St. Paul	14,146,076	11,433,838	11,594,202	11,217,056	10,866,590	10,044,931
Toledo	12,195,497	12,970,184	13,235,785	12,907,041	12,086,837	11,368,152
Tulsa	7,707,524	8,513,748	8,669,746	8,408,531	8,309,511	7,725,059
Washington	50,311,209	43,928,937	44,422,365	43,174,757	38,230,804	35,707,723
Totals	$1,689,135,250	$1,695,411,735	$1,718,572,516	$1,669,860,137	$1,584,164,839	$1,478,889,403

*All Federal Department Sources; data reported in nominal dollars

Compiled by The Council of The Great City Schools

FUNDING TO URBAN SCHOOL SYSTEMS FROM PROGRAMS WITHIN THE JURISDICTION OF THE SUBCOMMITTEE ON LABOR/HHS/EDUCATION, FY80-86*



* Agencies include the Departments of Education, Labor and HHS

STATEMENT OF HERNAN LaFONTAINE, AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS AND SUPERINTENDENT OF SCHOOLS, HARTFORD PUBLIC SCHOOLS

Senator WEICKER. Our next witness is Hernan LaFontaine of the American Association of School Administrators [AASA]. Mr. LaFontaine is the superintendent of the Hartford public schools. Nice to have you here.

Mr. LAFONTAINE. Good morning, Mr. Chairman and members of the committee. I thank you for the opportunity to speak before you on the educational appropriations. I have submitted a written statement and I'm not going to read that. I just wanted to emphasize a couple points regarding, for example, chapter I, which in the urban school districts such as Hartford where we have 25,000 students, 89 percent of whom are minority students, 45 percent black, and 43 percent Hispanic, the Federal funding becomes a very critical piece of the total financial support for our educational activity, particularly in a period of education reform.

I've been listening and looking at some of the data, and it's hard to understand how such large estimates could be made for the number of pupils served when, in fact, funding is getting thinner and thinner. And one of the things that I perceive is that in some cases—in our own case, for example—we've continued with the same level of students but we've reduced the amount of time that each of these students is receiving. So it is a little bit deceiving to say that there is little impact or that the same number of students are going to receive services, when, in fact, they're receiving less time in service. And that's something that sometimes goes unnoticed, but the fact of the matter is that in total, less service is being provided to a fixed number of students.

We need to have contined help and increased funding in chapter I. The handicapped, which has seen remarkable progress over the years from the old, old days of open air classes, which had a very negative connotation, to the fact that it has now become a very acceptable program; in fact, it has become in great demand by the parents of children in all socioeconomic levels who now view the program as something that is a way of getting very careful individualized attention for their children.

So that we have a very large program growing, we have over 4,000 students in Hartford in special education, and some of the programs run from the more traditional, routine learning disabled to those who have some very considerable handicaps.

And without exaggerating the point, we have one individual student who suffers from Lesche Nion's syndrome, which is rather rare disease, a genetic disorder and the individual student manifests self-destructive behavior, and yet because of the notion of putting him in the least restrictive environment, we have him in one of our schools; we had to make special repairs to the classroom because he would actually bang his head against the wall, and while he was restrained he would bite his lip. That child who came into our school system 3 years ago is now in a mainstream class. Now, it's a small class, a special education class, but the fact of the matter is that he has progressed from being tied down, literally, to participating with other youngsters. This is a small group, five, six youngsters, but he is now participating with other youngsters, and it probably would not have been possible had we been back in the fifties.

That is expensive, obviously, and unfortunately, the Federal Government has never quite fulfilled its promise of supporting 40 percent of the excess costs. And so in fact, we've got to shoulder that burden ourselves in the local districts.

Chapter II, the block grants, which promised to provide additional flexibility and did, except that at the same time it also reduced the level of support for a whole variety of programs, particularly those that were innovative programs which really did not receive funding from other places. So that in effect, what we did as we saw the reduction of other Federal funds, we began to pick it up with what we could in chapter II. So the flexibility that was originally promised is now being reduced because many of the programs in chapter II were basically to pick up what we couldn't do in chapter I.

There is a program which merits our attention in the American Association of School Administrators and that's the leadership in educational administration or LEAD. Here again, taking note from all of the research that's been done in effective schools and other kinds of educational reform, it's clear that principals and other administrators are the key to success in improving schools. And to accomplish this, we feel that the training that can be provided to new and middle management, so to speak, is essential if we're going to achieve the results we want to.

Just yesterday I spoke with a group of parents who are planning a parental involvement project and their main concern was we want to work with schools whose principals are really committed to increased parental involvement. If we don't have that principal, we don't even want to go into that school. So from a practical sense, they know that this is valuable. And so I was really concerned when the present administration's attitude was revealed by suggesting, recommending a rescission in the budget for this particular item. Fortunately it didn't go through, but just the fact that they make such a recommendation indicates where they stand in terms of leadership.

There are two points that I would mention quickly, not as an AASA representative but just because I heard the representative for RIF and I'd certainly like to support her. They were in town just a few weeks ago and they did a remarkable job. They always do in terms of distribution of books, and it's a direct assistance to the students. They get the books they enjoy, and it gives them a good opportunity to push the whole notion of reading.

The other item is bilingual education, and we continue to mention the fact that we've got the support at 100 percent; as far as we can go. I find Secretary Bennett's attitude virtually Neanderthal in this regard because, in fact, he distorted all of the findings, and the most recent research that's coming out because it's apparently not coming out to his liking, now is being viewed as not valid or premature and so on. I certainly could respond to questions on that.

In summary, the reduction in Federal funding at a time when there's so much concern nationally for educational reform is just beyond comprehension. It's a little bit reminding me of 1984, George Orwell's book. If you'll recall at that time they spoke Newspeak, and it was based on the mental process or mental logic of double think, in which the Ministry of Peace and Love was actually the one that conducted war, and the Ministry of Truth was the one that told all the propaganda and the journalism and so on. And here we're told pretty much the same thing, where we hear the Secretary of Education say I am a strong advocate of education, and that's why I'm going to cut the education funding. And it just doesn't make sense to me. It just defies all kind of logic how one can strengthen a program by cutting the funding. I am still not persuaded by that logic.

We need to have continued funding, and I'm not persuaded by the argument that we can continue to serve the same number of students in the chapter I program. It's akin to saying listen, folks, we're going to give you less money, but you can still feed your families, all four children in your family; the only thing you have to do is just give them two meals a day. And maybe later on we'll cut that down to one meal a day. But we're still feeding the same number of children. It just goes beyond belief that that kind of logic could even be suggested.

Finally, I want to commend you personally, Senator, and your colleagues for supporting the new education initiatives and the increase in education funding, which is sorely needed by all school districts. There are 17,000 superintendents out there that are trying hard, are dedicated to improving the quality of education in our public schools. But sometimes I think we feel a little bit as if someone is toying with us. First they say well, look, why don't you try meeting all the student needs and public demands and so on with just this limited piece of money and so on. And if we manage to squeeze through one year with that, then they say now let's see you do it with one hand tied behind your back. And if you manage to squeeze through that, well, let's see you do it standing on one leg, et cetera, et cetera. Until finally all our legs and all our hands are cut off and so on, and we just can't do anymore. Oh, it's too bad, he doesn't want to play anymore; let's get another superintendent, or principal or whoever it happens to be.

We need the addtional resources not because we believe in just free spending, but because we believe that we need the necessary funding for the kinds of programs that our school children need. Thank you very much, sir.

PREPARED STATEMENT

Senator WEICKER. Thank you very much. Your statement in its entirety will be placed in the record.

[The statement follows:]

STATEMENT OF HERNAN LAFONTAINE

Mr. Chairman and members of the Subcommittee. I want to thank you for giving me the opportunity to appear before you today. My name is Hernan LaFontaine. I am Superintendent of the Hartford Public Schools in Hartford, Connecticut, and am testifying on behalf of the American Association of School Administrators, an organization that represents more than 17,000 local public school superintendents and their administrative staff members.

As the individuals ultimately responsible in our nation's school districts for operating a quality educational program for our children, we are concerned about what we see as a weakening federal commitment to education. We will be the first to admit, Mr. Chairman, that federal funds do not represent a major source of financial support for local schools. However, that small amount in the key federal programs is critical to our efforts to meet the special needs of growing numbers of children.

And the number of children in need is growing faster than any other group in the school age population.

States and cities are looking for ways to supplement programs to meet those needs; the federal education programs provide the margin of difference. If we weaken or eliminate that margin, our children in need will lose precious resources.

Their loss impacts on all of us, Mr Chairman, if we fail to respond.

Consequently, we remain absolutely opposed to any reductions or program eliminations in education. The past five years have pared federal education initiatives to the bone. Those are the very initiatives which help us as administrators provide equal educational opportunity to children in our communities. If we are to adequately finance our most important investment in the future, real increases must begin now.

Yet, instead of real increases, total funding for the Department of Education in the current fiscal year--according to the Congressional Research Service--is 15.8 percent below the level approved for Fiscal Year 1980, when the numbers are adjusted for inflation. Even handicapped education, which you champion so well, Mr. Chairman, buys 7.8 percent less today than it did in 1980. Compensatory education funding, through the Chapter 1 program, has lost 23.9 percent of its buying power since 1980. Chapter 2 has lost 56.4 percent. Bilingual Education is down 44.7 percent. Impact Aid has decreased 36.2 percent, and Vocational Education is down by 28 percent.

AASA therefore recommends that in order to restore education to its position as one of our most critical national priorities, federal funding for all education programs should be increased three to four percent beyond inflation for each of the next five years. These modest increases would enable us, by 1991, to deliver the same level of services through federal programs that we were able to deliver in 1980.

I should point out, Mr. Chairman, that AASA has indicated to the Budget and Finance Committees that we support fair and equitable tax increases to reduce the federal deficit, if the alternative to those tax increases is further cuts in federal education funding.

This recommendation and our appropriations recommendations were developed by our AASA Federal Policy and Legislation Committee, together with the more than 50 administrators on AASA's Legislative Corps, during an intensive two-day session held in Washington in January. They concluded that the education program areas of greatest concern to school administrators are Chapter 1, Education of the Handicapped, Impact Aid, Chapter 2 and the Leadership in Educational Administration Development Act (LEAD).

In addition, AASA is very concerned about funding levels in two additional areas: school lunch and asbestos abatement.

To illustrate why increases beyond inflation are important, let me give you some examples of how the freezes and cuts over the past five years have impacted Hartford.

Chapter 1. The Chapter 1 program, nationally, is serving less than 35 percent of the children eligible for compensatory education services. Slightly more than two-thirds of the children who should be getting help are not getting that help. On top of that, Chapter 1 served 600,000 fewer children in 1983-84--the last year for which we have data--than it did in 1979-80.

In Hartford we are serving almost 6,000 children through Chapter 1. But we are only reaching 65 percent of the total number of children eligible.

Education for the Handicapped. The promise of this law to school districts was that the federal government would pay up to 40 percent of the average per pupil expenditures for excess costs. The reality is that handicapped populations are up and federal funding, measured against inflation, continues to drop. This is an area of enormous concern to us as administrators. In Hartford we currently serve 4,300 handicapped children. Federal funds cover only 5 percent of our excess costs.

Finally, I want to mention a small but highly significant initiative that is a top priority for AASA and received its first funds only last year. That initiative, the Leadership in Educational Administration and Development Act, will soon provide funds for matching grants allowing the establishment of at least one administrative training institute in each state. Quality education, the goal of all of us in this profession, begins with the person at the top in school buildings and in school districts. This tiny new program, which received $7.5 million in FY '86, will help states assure that inservice training is available for new and mid-career administrators, and that more women and minorities are encouraged to enter administrative level positions.

The Administration has requested no funds for FY '87 for LEAD and a complete rescission of the FY '86 funds. We would hope, Mr. Chairman, that you and your colleagues would continue to look favorably on this small but important step to improve the ranks of educational administrators.

In conclusion, let me say that we know we have a champion in you, Mr. Chairman. The pressures will be great to shave a little here and there from what education is currently receiving. I urge you and your colleagues not to be persuaded by the numbers presented by the Administration. It's the silent numbers that count, the silent numbers represented by children. We ask that you hold firm, that you help your colleagues see the folly of shortchanging our most critical investment in our nation's future. That you boldly propose increases at all levels, so our investment may be a sound one, yielding fully developed human beings who will be able to lead us with confidence into the next century.

Senator WEICKER. What do you think of the Secretary's plan to turn the chapter I program into a voucher system?

Mr. LAFONTAINE. I'm absolutely opposed to it. It is another one of those—if you'll forgive me—three card Monte games which, as a child growing up in New York City, I used to see on 42nd Street. And three cards, and you can never pick the right card or the little pea under the shell, and you swear that you know where it is, and it isn't, and the same thing here. You swear you know where the money is going, who it's going to be for, but it never winds up where it's supposed to be, it seems to me. And that is in terms of public education.

And the Secretary of Education is supposed to be the formal spokesman for that activity.

Senator WEICKER. Appreciate your testimony very much. Again, I have to emphasize in this area, as I have in the health area, the necessity of parents themselves speaking up on these issues as to the matter of what our priorities are going to be. It's nice to hear that you can get more education for less money, but I think you analyzed that fairly well.

The fact is that less services are provided, less quality is provided and the results will show. We can do so much here in this subcommittee and in the Appropriations Committee as a whole, or adjusting a budget slightly on the floor, but for all that Senators Andrews, Hollings, and myself did in education, or for all that we did in health, you were talking about a few hundred million more being added on to the budget—in the last couple of hours before that budget resolution passed the Senate, an immediate $5 billion was tacked on to the defense portion of it.

And really, I honestly, I swear, I do not understand how the people of this Nation are letting the administration get away with it in the area of education, and the area of health. I really don't, I don't understand it.

Mr. LAFONTAINE. I have to share your sentiments. It is beyond me how people can accept the rhetoric, if you will, of defense spending to the level that it's gone, without at least seeing that education is the most fundamental human enterprise that we can be involved in, in this country or any other. And, I resent somewhat the snow job, if you will, of telling me that these other things are important and we believe in education, we just can't pay for it right now.

Senator WEICKER. But I suppose what I'm unwilling to accept, and I've done my share—I'm not asserting, because everybody in the room knows I don't hesitate to speak out on these matters to the administration. But really, I think the time has come to get off the kick of the fact that it's Bennett or it's Reagan or it's the Republican budget or Democratic lethargy in the House or whatever. It's us. Hey, we're the ones, all of us, as Americans, we're going to call the shots. Simple as that. And we're not doing it. We're not doing it. I don't care what you say.

This town is a reflection of the grassroots, and the grassroots is absolutely passive on this point. It truly is. And how anybody can deem the fact that volunteerism and the private sector is going to substitute for effort, programs, people, money, et cetera, as I say, is beyond me. I mean it's just preposterous. It's ludicrous, it's a joke that we run around the countryside with this little pamphlet in hand of "What Works?" I mean, the stuff that's in there are certain basic truths; certainly nobody is going to deny them. That's not what's going to make the situation work.

So what I'm saying is, as I've stated a couple of times in this committee, I've got nothing to lose, I've got everybody mad at me anyway, I might as well make the American people mad at me. But I'm not going to let them off the hook. The American people are ultimately responsible for the shape of the budget.

Mr. **LaFontaine**. I certainly can't argue with that. I just, from my own limited perspective, I have seen parents come down to our board of education very vocal, very aggressive about any limitation on the program serving their children. I don't know how that gets translated to the next level, let's say to the State and/or to the Federal. Needless to say——

Senator **Weicker**. Well, it's not getting translated.

Mr. **LaFontaine**. I certainly will take back that message with me.

Senator **Weicker**. This is an election year, you know. And people have a right to go ahead and speak out on these issues and send people to Washington that are going to carry out their priorities.

In any event, I appreciate all your efforts, both as a spokesman and as an administrator back in my home State. Good luck to you.

Mr. **LaFontaine**. I'd like to invite you to come and visit whenever you'd like to.

Senator **Weicker**. I get up there quite a bit as a matter of fact, and I know the problems that you deal with in your own school area. Nothing is more important to the young population of Hartford, CT, than a sound education system, in all of its aspects and all the specialized efforts that the Federal Government makes, be it in the chapter I or be it in special education or whatever. These are the things that can make the difference and they're very inexpensive compared to the costs that will be piled up at a later date.

Thank you very much.

STATEMENT OF JOHN TRASVINA, LEGISLATIVE ATTORNEY, MEXICAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND, WASHINGTON, DC

Senator **Weicker**. Next is Mr. John Trasvina, the legislative attorney, Mexican American Legal Defense and Educational Fund [MALDEF].

Mr. **Trasvina**. Thank you, Mr. Chairman. My name is John Trasvina. I am the legislative attorney for the Mexican American Legal Defense and Education Fund. On behalf of MALDEF, I am pleased to have this opportunity to present to the committee our views in support of funding of title VII bilingual education programs for fiscal year 1987.

MALDEF applauds the progress achieved by bilingual programs since enactment of title VII in 1968 and subsequent reauthorizations in 1974, 1978, and 1984. These advances only underscore the critical importance of the continued Federal fiscal presence and support for educational programs utilizing the student's native language to help him or her learn English and other academic subjects. It is with this in mind that we support higher appropriations than those suggested by the Department of Education and oppose the crippling changes the Department seeks by regulation, legislation and appropriation.

While the Department's decision to seek appropriations for title VII at roughly the same level as last year might merit applause in light of the plethora of cuts it seeks elsewhere, its appropriations request for bilingual education, in truth, only locks in an underfunded and unsatisfactor; status quo.

In fiscal year 1980, the Congress appropriated $171 million for title VII programs. Since that time, notwithstanding economic inflation and demographic realities, annual appropriations have never exceeded $142 million. CRS has estimated that the 1–2–3 punch of inflation, the 1981 Gramm-Latta cuts, and the subsequent freeze constitute an overterm 45-percent cut. The current freeze proposal, therefore, can be considered only as a real reduction of resources, not the demonstration of strong commitment to ensuring that limited English proficient children are provided the special instructional services they need to prepare them fully in our society.

With regard to part A programs, we find no basis for removing, either by substantive legislative means or appropriations language, the 4-percent cap on special alternative instructional programs.

While it may be politic in Washington to laud local flexibility and decry the Bilingual Education Act as the only law which mandates a particular educational method nationwide, the 4-percent cap, arrived at through bipartisan and bicameral consensus just 19 months ago, stands for the unique role Federal dollars and guidance play in the educational support of limited English proficient students.

Indeed, much like Brad Reynolds' invitation to 51 municipal and State governments to undo affirmative action consent decrees, of which 50 were responded to negatively, ranging from outrage to a polite "No thanks," only 3 school districts out of over 500 with compliance plans have responded to letters sent by the Department of Education in December and January inviting the districts to renegotiate their plans and advising them of their flexibilities—only 3 school districts.

The flexibility tune seems most popular, therefore, only on the pages of Human Events and Conservative Digest or at the Heritage Foundation or U.S.English, the latter of which has called for a 28-percent cut in title VII.

Make no mistake about it, there is flexibility at the local school district level under current law. Indeed, merely increasing appropriations above $140 million would trigger the escalator clause in Public Law 98–511 and provide 50 percent of new funds for alternative instruction. The 4-percent cap relates only to Federal dollars. State and local appropriations for programs for limited English proficient children are unaffected, and just 12 States have their own bilingual education laws.

In short, local school districts currently enjoy the flexibility to serve limited English proficient children within the framework of Federal law and outside of Federal law. The escalator clause, which the Bennett initiative seeks to repeal legislatively, sets aside 50 percent—not just 4 percent—for special alternatives, once appropriations exceed $140 million. If that escalator is permitted to work, then just $20 million, while certainly not enough to fill up the 45 percent cut, would fund every single grant application for alternatives that the Department received last year.

The proper balance is in current law. Following this course, the Appropriations Committee can send the message that the Federal Government will once again assume its proper role in this area—guidance and support for those proven programs which ensure that the students reach proficiency in English and acquire other academic skills, to meet grade promotion standards, and fulfill graduation requirements.

Thank you.

PREPARED STATEMENT

Senator WEICKER. Thank you very much for your testimony. I appreciate it.

[The statement follows:]

STATEMENT OF JOHN TRASVINA

My name is John Trasvina. I am the Legislative Attorney for the Mexican American Legal Defense and Educational Fund (MALDEF). On behalf of MALDEF, I am pleased to have this opportunity to present to the Committee our views in support of funding of Title VII Bilingual Education programs for FY 1987. MALDEF, a national civil rights organization with offices in San Francisco, Los Angeles, Denver, San Antonio, Chicago and here in Washington D.C., is dedicated to preserving and defending the civil and constitutional rights of persons of Mexican ancestry or Hispanic descent.

Throughout its history, MALDEF has paid particular attention to the educational needs of the Hispanic community. Fundamental to the educational advancement of Hispanics is gaining proficiency in English and attaining skills in other academic areas in the process. Bilingual education was formulated over a period of years in response to the history of active discrimination against and neglect toward Hispanic and other language minority students in the nation's public schools. MALDEF comes today in support of the proven bilingual education programs established under Title VII.

MALDEF applauds the progress achieved by bilingual programs since enactment of Title VII in 1968 and subsequent reauthorizations in 1974, 1978, and 1984. We are impressed by their effectiveness throughout the nation as found by both academic study and parental and student response. School districts report significant academic gains by limited English proficient young people. We see marked improvement in English language skills and increased mastery of other academic subjects. These advancements only underscore the critical importance of the continued federal fiscal presence and support for educational programs utilizing the student's native language to help him or her learn English and other academic subjects. It is with this in mind that we support higher appropriations than those requested by the

Department of Education and oppose the crippling changes the Department seeks by regulation, legislation and appropriation.

While the Department's decision to seek appropriations for Title VII at roughly the same level as last year might merit applause in light of the plethora of cuts it seeks elsewhere, its appropriations request for bilingual education in truth only locks in an underfunded and unsatisfactory status quo. In Fiscal Year 1980, the Congress appropriated $171 million for Title VII programs. Since that time, notwithstanding economic inflation and demographic realities, annual appropriations have never exceeded $142 million. The current freeze proposal, therefore, can be considered only as a real reduction of resources, not the demonstration of, in Bilingual Education Director Whitten's testimony to the Commiittee, "strong commitment to ensuring that limited English proficient children are provided the special instructional services they need to prepare them fully in our society."

With regard to funding of Part A programs, we find no basis for removing--either by substantive legislative means or by appropriations language--the 4% cap on Special Alternative Instructional Programs. While it may be politic to laud local flexibility and decry the Bilingual Education Act as the only law which mandates a particular educational method nationwide, the four percent cap, arrived at through bipartisan and bicameral consensus just 19 months ago, stands for the unique role federal dollars and guidance play in the educational support of limited English proficient students.

When the Congress first passed bilingual legislation in 1968, it had before it a history of local school district inattention and often outright hostility to the educational needs of Spanish-speaking youth in the Southwest. Clearly, the Bilingual Education Act was meant to do more than merely serve as a money pipeline to those school districts. Professional guidance, technical assistance and materials resource development were all parts of the federal mission.

Make no mistake about it. There is flexibility at the local school district level under current law. Indeed, merely increasing appropriations to the high $140's would trigger the escalator clause in P.L. 98-511 and provide 50% of new funds for alternative instruction. More important, however, the 4% cap relates only to federal dollars. State and local appropriations for programs for LEP children are unaffected and just twelve states have their own bilingual education laws. In short, local school districts currently enjoy immense flexibility to serve LEP children within the framework of federal law and outside of federal law.

As Senator Andrews described during Secretary Bennett's apperance before this subcommittee in April, federal dollars are the equity dollars. Because many of the students served in bilingual educational programs are situated in certain states or regions because of federal economic, diplomatic or military policies, federal dollars must do more than just subsidize local programs. They must in this program, even more than in others, assist the local districts to assure equal educational opportunity.

The educational landscape is replete with examples of the superiority of the bilingual education method. The most recent Department of Education research, its Longitudinal Study of Immersion Programs for Language Minority Children, found that students in bilingual education programs using native language instruction scored higher on English language performance tests than those in immersion programs.

Since speed in acquiring English signals uppermost in the Department's priorities, one might be tempted to conclude from the study's first year results that bilingual has won the race. It is more prudent , however, for the programs to run the remaining laps of the longitudinal study before determining ultimate outcomes. Nonetheless, these results, while a surprise to some immersion strategists, are encouraging.

Consider these results from the researchers:

> Target students in bilingual programs consistently gain more than do immersion strategy program students in reading, language arts, and math whether tested in English or Spanish.
>
> Surprisingly the pattern of raw scores on the English post test is similar to that of the Spanish tests. The immersion strategy program students have the lowest average scores for both the language and math subtests. We had predicted that the students in the immersion strategy program would have performed better than students in the bilingual program on tests given in English because they had most of their instruction in English and students should have better English language skills.
>
> Since the immersion strategy program students receive more English instruction than the early-exit (bilingual) program students, we would expect that they would have higher reading subtest scores. This was not the case.
>
> Immersion strategy students are not performing better than bilingual program students as predicted when assessed in English on reading, math and language skills.

Once again it might be risky to over rely on these early findings. However, it is even more hazardous to ignore these findings and rush into immersion and raise the cap for the alternative programs as the Department has asked this and the legislative committee to do.

One often hears that while bilingual may be good for Hispanics it does not fit the needs of other students. However, school officials in Hamtramck, Michigan operate a Title VII Arabic program with successes that mirror those in the Department's recent study. Students at the Holbrook Elementary School learn half the time in English and half the time in Arabic. While the students who spoke only Arabic scored lower on the Metro Achievemnet Test prior to their enrollment in this program, they scored "equal to or significantly better than students in the regular English language program" on post tests. I am told by school officials in Hamtramck that by learning the native language the students transfer these skills into English quickly. Double language intervention enjoys wide acceptance among the Arab families, enrollment of native English speakers is up, and the program is credited with reducing interracial school tensions.

Hamtramck is not the exception. Similar stories have been told by school officials in Los Angeles where the Eastman School program using large doses of Spanish produces children scoring higher than the city wide district average on English reading and spelling and in New Haven where Dr. Kenji Hakuta of Yale University has documented the widespread benefits of bilingual education to that city's Hispanic elementary school students.

One final point: the Department is seeking no new additional funds in Part A for Family English Literacy, the program serving limited English proficient parents and other adults. The four programs currently funded can hardly make a dent in the most recently estimated 48% of Americans from other countries who are illiterate in English. This program was designed to both increase adult language proficiency and enable parents to be more effective partners in their children's education. As the Department's What Works? Report concluded, Parents are the first and most influential teachers of their children. What they do to help their children learn is more important to academic learning than their income levels. The best way to help children read is to read to them even when they are young. The Department must demonstrate its resolve to the parent's role in English literacy by funding more than four Family English Literacy programs.

Limited English proficient children need more opportunities to become proficient. Immersion strategies of whatever their value should not replace bilingual programs just as scarce federal dollars should not supplant local dollars. These principles, along with greater support for Family English Literacy, underly full commitment to the educational needs of these children.

STATEMENT OF GERDA BIKALES, EXECUTIVE DIRECTOR, U.S.ENGLISH, WASHINGTON, DC

Senator WEICKER. Next we have Gerda Bikales, the executive director of U.S.English.

Ms. BIKALES. Senator Weicker, I thank you for the opportunity to present the views of U.S.English on funding needs for bilingual education in fiscal year 1987.

We first appeared before you in 1983 when our membership numbered 300. By 1984, we had 35,000 members. In 1985, this number went up to 100,000. Currently we have about 180,000 members. We are one of the fastest growing new organizations in the country, a fact that bespeaks of the deep opposition of the American people to programs that use language to foster social fragmentation, such a prolonged programs of bilingual, bicultural education.

Since last spring, there have been a number of developments which bear upon bilingual education. After thorough review, the Secretary of Education announced his Department's conclusions that the transitional bilingual education, which has been tried for 17 years, has failed to prove its effectiveness. He urged that the Bilingual Education Act be changed to allow greater flexibility at the local level.

Second, though only 4 percent of the appropriations under the Bilingual Education Act can be allocated to alternative learning methods, 25 percent of the grant requests have been for programs under that 4 percent cap.

Then also the Senate, in its 1986 Appropriations Committee report, the report of this body, took the unusual step of directing the Secretary of Education to pursue administrative, regulatory, and legislative actions which will improve fluency in English by allowing local schools and parents the flexibility to determine which method of instruction would be most appropriate for their children. That's from the report from this committee last year.

Also, I'm sure you have noticed, your constituent mail this past year has reflected increased public awareness of the need to redirect the educational offerings for immigrant students to emphasize the acquisition of English.

And since Connecticut's people and experiences are the order of the day, let me just point out that just a few weeks ago, the Connecticut State Board of Education issued its first study of bilingual operations in the State, operations that have been functioning, I understand, since 1977. It found serious problems in the Connecticut bilingual education programs, including the rather startling fact that only 6 percent of the students leave the bilingual education program in any one year.

In view of indisputable public disenchantment, we recommend a funding level for 1987 not to exceed $100 million. We further recommend that the entire amount be allocated specifically for classroom instruction. At present, only about two-thirds of title VII appropriations go toward direct teaching.

The Bilingual Education Act is a gross legislative anomaly. It is the only piece of legislation in education that mandates a specific teaching method. It also establishes within the act, a self-perpetuating sinecure for the special interests who profit from bilingual education. The various sections of the act fund the mechanisms for the permanent entrenchment and expansion of bilingual education as a fixture in the American school.

Title VII moneys fund the establishment of separate bilingual education departments in colleges and universities.

Title VII moneys provide financial inducements for students to study this subspecialty.

Title VII moneys provide guaranteed jobs in the schools for those subsidized graduates from subsidized departments.

Title VII research moneys provide funds for postbaccalaueate bilingual education programs, jobs for graduates of these programs, and control of the research to justify the continuation of a bilingual education monopoly.

We believe that this cradle-to-grave approach is a bad public policy. It inextricably links the educational needs of immigrant children to the job security of bilingual education teachers. We have learned over the last two decades that these interests often diverge.

I see that my time is up, and I think I have made my point.

PREPARED STATEMENT

Senator WEICKER. Thank you very much. I appreciate your testimony.

[The statement follows:]

STATEMENT OF GERDA BIKALES

Once again, I thank you for the opportunity to present the views of U.S.ENGLISH on funding needs for bilingual education in FY 1987.

We first appeared before you in 1983, when our membership numbered 300. By 1984, we had 35,000 members; in 1985, this number had gone up to 100,000; we now have some 165,000 dues-paying members on our roster. We are one of the fastest-growing new organizations in the country, a fact that bespeaks of the deep opposition of the American people to programs that use language to foster social fragmentation and separatism, such as prolonged programs of bilingual/bicultural education.

Since last spring, there have been a number of developments which bear upon bilingual education:

* After thorough review, Secretary of Education William Bennett announced his department's conclusion that transitional bilingual education, which has been tried for 17 years, at a cost of 1.7 billion dollars in federal money, has failed to prove its effectiveness. He urged that the Bilingual Education Act be changed to allow greater methodological flexibility to local school authorities coping with large numbers of pupils who don't know English.

* Though only 4% of the appropriations under the Bilingual Education Act can be allocated to programs utilizing alternative learning methods, 25% of the grant requests have been for programs under that 4% cap.

* The Senate, in its FY 1986 Appropriations Committee report, took the unusual step of directing the Secretary of Education to " pursue administrative, regulatory and legislative actions which will improve fluency in English...by allowing local schools and parents the flexibility to determine which method of instruction would be most appropriate for their children."

* A poll by the Associated Press and Media General, taken last November, tells us that the American public supports foreign language

instruction for American children, but wants students who don't know English taught in an English language environment.

Finally:

* Your constituent mail this past year has reflected an increased public awareness of the need to redirect the educational offerings for immigrant students to emphasize the acquisition of English.

In view of this indisputable public disenchantment, we recommend a funding level for FY 1987 not to exceed $100 million. We further recommend that this entire amount be allocated specifically for classroom instruction. At present, only about 2/3 of Title VII appropriations go toward direct teaching of language minority children deemed to be in need of special assistance.

The Bilingual Education Act is a gross legislative anomaly. It is the only piece of education legislation that mandates a specific teaching method. It also establishes, within the Act, a self-perpetuating sinecure for the special interests who profit from bilingual education. The various sections of the Act fund the mechanisms for the permanent entrenchment and expansion of bilingual education as a fixture in American education:

* Title VII monies fund the establishment of separate bilingual education departments in colleges and universities.

* Title VII monies provide financial inducements for students to study this sub-specialty.

* Title VII monies provides guaranteed teaching jobs in the schools for these subsidized graduates from the subsidized departments.

* Title VII research monies provide funds for post-baccalaureate bilingual education programs, jobs for graduates of these programs, and control of the research to justify the continuation and growth of a bilingual education monopoly.

We believe that this cradle-to-grave approach is bad public policy. It inextricably links the educational needs of immigrant children to the job security of bilingual education teachers. We have learned, over the last two decades, that these interests often diverge.

There are other sources of assistance for education departments and for college and graduate students, and bilingual education majors should avail themselves of these, rather than have a special reserve specifically set up and maintained for them by the United States Congress.

In proposing an appropriation of $100 million for bilingual education, we urge that all these monies be earmarked for direct classroom services to non-English speaking children. We further propose that $20 million of the monies thus saved be reallocated to Adult Education programs, under the terms of the Adult Education Act, for the express purpose of increasing the opportunities available to adults to learn English.

We recognize the federal government's obligation to help immigrant children by providing special assistance to their schools. However, the Bilingual Education Act, as it stands, is not the instrument for carrying out that obligation.

Let us hope that the day is not far off when this offensive legislation is replaced by other measures that truly have the potential of helping language minority students. At that time, U.S.ENGLISH will be here, before this same Subcommittee, to plead the case for significant funding increases for programs of English acquisition that will help immigrant students to succeed in this society.

STATEMENT OF ISIDRO FELICIANO, MEMBER OF THE NATIONAL ASSOCIATION FOR BILINGUAL EDUCATION AND A PARENT LIVING IN BRIDGEPORT, CT

ACCOMPANIED BY JAMES J. LYONS, LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR BILINGUAL EDUCATION

Senator WEICKER. Our next witness is Isidro Feliciano, a parent from the National Association for Bilingual Education from Bridgeport, CT.

Mr. Feliciano?

Mr. FELICIANO. Mr. Chairman and members of the committee, my name is Isidro Feliciano. I live in Bridgeport, CT. I appreciate the opportunity to stand in for Dr. Sarah Meléndez, the scheduled witness for the National Association for Bilingual Education. Dr. Meléndez, who formerly taught in and directed the bilingual education programs in Connecticut, was called out of town on travel. I ask that her statement, already delivered to the subcommittee, be entered into the record.

I came to Washington to plead for the subcommittee's help in improving bilingual special education. As a resident of Connecticut, I know of your leadership, Mr. Chairman, in the field of special education and civil rights, and so I am confident that my plea will be answered.

My plea is intensely personal, yet it is delivered on behalf of thousands of other language-minority parents. You see, my wife and I moved to Bridgeport from Puerto Rico less than 2 years ago. Our native language and that of our five children is Spanish. My children have been correctly classified by the Bridgeport School District as limited English proficient or LEP. I serve as the chairman of the Bridgeport Advisory Committee on Bilingual Education, and I am an active member of the Connecticut and National Associations for Bilingual Education.

I have a 12-year-old daughter, Solimar, who has Downs syndrome, brain damage. I also have a 16-year-old son, Edgar, who has leukemia which is currently in remission. Solimar and Edgar have been appropriately identified by Bridgeport school officials as both limited English proficient and educationally mentally retarded.

One would think that Solimar and Edgar would be well-served because they are doubly protected by Federal law. Under the Supreme Court ruling in *Lau* v. *Nichols*, they are entitled to a special program to overcome language barriers, and Public Law 94–142 entitled them to an individualized education program tailored to their special needs.

Yet despite two laws and the efforts and good intentions of Bridgeport school officials, Solimar and Edgar are not well-served. Solimar is enrolled in an elementary EMR program which is conducted in English. Fortunately, a bilingual aide in the EMR program is available to provide some translation of class information. Edgar is enrolled in a high school EMR class conducted in English and receives a small amount of tutoring in English as a second language, ESL. No one in Edgar's program is available to provide translation of class information which he may not understand.

As limited as Bridgeport's services are for my two children, they are greater than those available to many other LEP-handicapped children. Bridgeport has three bilingual school psychologists who are able to assess the special education needs of some of our Hispanic students.

Many other school districts have no staff who are trained to evaluate or meet the special educational needs of LEP students. As a result, we have hundreds of thousands of students enrolled in special education programs which they don't need. They are not handicapped, except by their lack of English. And at the same time, LEP students with real handicaps, like Solimar and Edgar, do not receive the most effective special education services.

Mr. Chairman, when you mark up the appropriations bills for bilingual education and special education, I ask that you consider the problems I have addressed, the needs of language-minority children and handicapped children and the needs of Solimar and Edgar.

I and the people with me will be glad to answer any questions you might have. And excuse me for my English, for my pronunciation. Thank you very much.

Senator WEICKER. I thank you very much for a very eloquent and moving statement, as one who is involved in a personal experience two ways.

PREPARED STATEMENTS

I have no questions, and your statement is very much appreciated by the committee, and we will also put into the record the statement of Dr. Meléndez. Thank you very, very much.

Mr. FELICIANO. Thank you very much.

[The statements follow:]

STATEMENT OF ISIDRO FELICIANO

Mr. Chairman, Members of the subcommittee, my name is Isidro Feliciano and I live in Bridgeport, Connecticut. I appreciate the opportunity to stand in for Dr. Sarah Melendez, the scheduled witness for the National Association for Bilingual Education. Dr. Melendez, who formerly taught in and directed bilingual education programs in Connecticut, was called out of town on travel. I ask that her statement, already delivered to the subcommittee, be entered into the record.

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Many other school districts have no staff who are trained to evaluate or meet the special education needs of LEP students. As a result, we have hundreds of thousands of students enrolled in special education program which they don't need. They are not handicapped, except by their lack of English. And, at the same time, LEP students with real handicaps, like Solimar and Edgar, do not receive the most effective special education services.

Mr. Chairman, when you mark up the appropriations bill for bilingual education and special education, I ask that you consider the problems I have addressed, the needs of language-minority children and handicapped children, and the needs of Solimar and Edgar.

I and the people with me will be glad to answer any questions you may have.

STATEMENT OF DR. SARAH E. MELÉNDEZ, NATIONAL ASSOCIATION FOR BILINGUAL EDUCATION PAST PRESIDENT AND ASSOCIATE DIRECTOR, OFFICE OF MINORITY CONCERNS, AMERICAN COUNCIL ON EDUCATION

Mr. Chairman, I appreciate the opportunity to testify on appropriations for Federal bilingual education programs.

Earlier this month, Education Secretary William Bennett sent to Congress his statutory report on the "Condition of Bilingual Education In the Nation, 1986." This report, like other components of the Secretary's so-called "initiative" on bilingual education -- including the Department's FY 1987 budget request -- misrepresents the true condition of bilingual education in the Nation and the needs of American language-minority students.

VOODO DEMOGRAPHICS

Four years ago, Education Secretary Terrell Bell reported to Congress that there were approximately 3.6 million children of school age who were eligible for Title VII programs and services. While the Department was serving about 10 percent of the total universe of limited-English-proficient (LEP) students, Secretary Bell stated that "schools in general are not meeting the needs of LEP children." Indeed, according to the Department, "only about a third of the [LEP] children aged 5 to 14 ... are receiving either bilingual instruction ... or instruction in English as a second language without the use of their home languages."

Two years ago, in his 1984 report on the "Condition of Bilingual Education in the Nation," Secretary Bell updated the Department's estimates of the size of the limited-English-proficient population by noting:

> More current, but preliminary information, based on the 1980 Census and the 1982 English Language Proficiency Survey, indicates an increase in the [Non-English-Language Background (NELB) and Limited-English-Proficient (LEP) student] populations.

Now, two years later, Education Secretary Bennett reports to Congress that

> There are from 1.2 to 1.7 million of these [LEP] school-aged children (5-17) who are most in need of services under the [Title VII] statute. ... This estimate is a revision of the Department's earlier estimates....

At the same time, the Education Department has testified that between 94 and 97 percent of LEP students are receiving special services.

Mr. Chairman, the Department's new LEP population and service estimates represent a cynical exercise in voodo demographics! Virtually all reports indicate continuing substantial growth of our LEP population. This population growth -- the product of powerful domestic demographic trends and world forces -- presents a major challenge to American education.

The sad fact is that we are not meeting this challenge. Formal studies and informal reports show that most LEP students are not being adequately served, they are not being effectively educated. In New York City alone, according to the report of the Education Priorities Panel, more than 45,000 LEP students are receiving no special services to overcome the language barriers which impede successful learning.

WHAT'S AT STAKE AND WHAT IT TAKES

The educational success of American language-minority students is critical to the nation's well-being. We cannot afford -- economically, politically, or socially -- to permit millions of students to pass through or drop out of our schools without mastering the English language and the other subjects taught in our country's classrooms.

The educational needs of LEP students will not be met through callous statistical manipulations; nor will they be met by artificially lowering educational standards and expectations. The effective schooling of LEP students requires human and financial resources -- resources which are in short supply.

BUDGET SHELL GAME

The Education Department and the Office of Management and Budget have devised an elaborate budgetary shell game to mask the Administration's indifference to the needs of language-minority students. Secretary Bennett has repeatedly asserted that the Administration is seeking increased funding for Title VII programs.

Indeed, the Department's Title VII request of $143 million is roughly $4 million over the 1986 appropriation level. This increase, however, is offset many times over by the FY 1987 reductions sought by the Administration for other programs serving language-minority students. These proposed funding cuts include:

- Elimination of the $3+ million Vocational Training program;
- Elimination of the $30 million Immigrant Education program;
- A $50 million cut in funding for the Chapter 1 migrant program;
- Elimination of the $24 million Training and Advisory Services program authorized under Title IV of the Civil Rights Act of 1964;
- Elimination of the Follow Through program and the High School Equivalence Program for migrants; and,
- Multi-million dollar cuts tied to restructuring of other educational programs including Indian Education, Talent Search, Upward Bound, and the College Assistance Migrant Program.

THE BOGUS ISSUE OF "FLEXIBILITY"

I recognize that this is not the proper forum to debate the Secretary's legislative proposals to increase the "flexibility" of the bilingual education program. Such a debate would be more appropriate before the authorizing committee. Nevertheless, the Administration's request that this subcommittee adopt legislative language setting aside the internal funding formulas specified in Public Law 98-511 necessitates two observations.

First, the internal Title VII funding formulas set out in Public Law 98-511 represent Congress' most recent and best judgment as to how the Federal government's limited resources can best serve LEP students and the schools where they are enrolled. These formulas were thoughtfully and painstakingly developed by a bi-partisan group of members of the House authorizing committee; and they were ratified by a bi-partisan majority in both the House and the Senate.

Second, the existing statutory escalator provision which sets aside 50 percent of all Title VII appropriations in excess of $144 million for the Special Alternative Instruction Program (to a maximum of 10 percent of total Title VII funding) offers the Secretary an immediate mechanism for accomplishing his proclaimed objective. Because the Department's request falls short of the $144 million level, however, it does not set in motion the funding escalator which would dramatically boost spending for the Secretary's favorite Title VII program.

Accordingly, we call upon you to reject the Administration's proposed legislative language. We also call upon the subcommittee to increase funding for the Title VII program. According to the Legislative Reference Service, Title VII services have been reduced by almost 50 percent since 1980 because of funding cuts and inflation. A restoration of Title VII funding to 1980 service levels represents a realistic response to Secretary Bennett's so-called "initiative" on bilingual education.

ENSURING PROPER EXPENDITURE OF APPROPRIATIONS

Finally, I call to your attention a number of issues which warrant the subcommittee's attention as possible subjects of legislative or report language.

First, the Department will soon publish new final program regulations to implement the revised Bilingual Education Act. Some months ago, the Department published for public comment a set of draft regulations. The draft regulations were criticized by numerous national organizations concerned with the effective education of LEP students and by Democratic and Republican members of the House and Senate authorizing committees. If the final Title VII regulations are not revised so as to accord with the letter and spirit of Public Law 98-511, we ask that you consider including in your funding bill appropriate legislative restrictions and guidance.

Second, despite requests from Congress the Education Department has failed to release a large number of studies and evaluations which were conducted with Title VII monies. One of the reports which has not been released provides the first year results of a comparative study of so-called immersion programs versus two types of bilingual programs. We understand that the first year findings contradict the Secretary's assertions regarding the effectiveness of immersion programs. We hope that your subcommittee can facilitate the release of all Title VII-funded studies and reports.

Third, the Department proposes to reduce funding for Title VII graduate training on the grounds that "few of the fellows complete their degrees and actually provide classroom instruction." This is simply untrue. According to the Title VII-funded "Study of Techer Training Programs in Bilingual Education", most of the students receiving masters or doctorates in bilingual/ESL education graduated from Title VII supported training programs. And according to the same report, "86 percent of the trainer graduates were employed in bilingual education positions."

Fourth, there is accumulating evidence that the National Clearinghouse on Bilingual Education is being dismantled. The Clearinghouse is one of the most effective components of the Title VII program. During the last 5 years, the Clearinghouse has responded to an annual average of over 15,000 requests from teachers, administrators, and parents for information on bilingual, ESL, and other programs specially designed to meet the academic needs of language-minority students.

Sometime ago, the Department decided to recompete the contract for the Clearinghouse. The competition process bogged down, and a non-competitive 6-month extension was awarded to the original contractor. The extension, however, specified a decreased level of activity and narrowed scope-of-effort.

During the non-competitive extension, the Department published a RFP for the new Clearinghouse competition. This RFP projects further reductions in the level of Clearinghouse activities and effort.

The Department failed to carry out the Clearinghouse recompetition during the course of the 6-month non-competitive extension. Instead of extending the existing contract until a new competitive award is made, the Education Department entered into a sole-source 3-month "interim" contract with a new firm thereby occasioning a disruption of Clearinghouse service.

We hope the subcommittee will scrutinize this situation closely, and will take whatever steps are necessary to ensure the uninterrupted flow of Clearinghouse services at a level comparable to that provided under previous appropriations.

Fifth, information transmitted by the Education Department to Congress following a request by the three House subcommittee chairmen who share oversight responsibility for the activities of the Department's Office for Civil Rights (OCR) indicates a marked decrease in OCR's efforts to ensure compliance with the requirements of Title VI of the Civil Rights Act and the United States Supreme Court's landmark ruling in Lau v. Nichols. While congressional action to remedy an apparent weakening of civil rights compliance standards is best left to the subcommitees with substantive jurisdiction, we ask that your subcommittee consider directives which would prevent OCR from reducing further its Title VI Lau enforcement program.

Sixth, and finally, we call to your attention the irresponsible and reprehensible public statements of members of the National Advisory and Coordinating Council on Bilingual Education (NACCBE). In one press report, the Chairman of the NACCBE stated that "bilingual education is part of a silent conspiracy to keep Spanish-speaking children in linguistic bondage." Such public statements -- and we can provide the subcommittee with many other examples -- coupled with the shallowness and bias evident in NACCBE's most recent published report, call into question NACCBE's utility as an advisory and coordinating body. Indeed, the subcommittee may find that the NACCBE, as currently constituted, is not deserving of continued financial support.

STATEMENT OF KENNETH F. MELLEY, DIRECTOR, GOVERNMENT RELATIONS/POLITICAL AFFAIRS, NATIONAL EDUCATION ASSOCIATION, WASHINGTON, DC

Senator WEICKER. Our next witness is Kenneth Melley, the director of Government relations/political affairs, the National Education Association [NEA].

Mr. MELLEY. Good morning, Senator.

Senator WEICKER. Good morning. How are you this morning?

Mr. MELLEY. Mr. Chairman, my name is Ken Melley, director of Government relations and political affairs for the 1.8 million member National Education Association.

We deeply appreciate this opportunity to testify on the funding of education programs for fiscal year 1987, an issue that will have far-reaching implications on national education policy for the rest of the century.

We commend the Senate for your strong commitment to public education, as demonstrated in the passage of the Senate budget resolution last week. The recommended spending levels for the Department of Education show your recognition of the needs of America's students and the important role the Federal Government plays in meeting those needs.

We recognize this subcommittee has some hard choices before it. Our present economic situation limits the availability of resources, but we trust this subcommittee will continue to do what it has done in the past—recognize that education is a critical element in the well-being of people, the expansion of our economy, and the security of our country.

This subcommittee has been in the forefront of the congressional effort to enhance the quality of American education. We are confident that you will continue that vital support.

Despite support of the Congress, education has lost significant ground to inflation and previous budget cuts over the past 5 years. Ironically, this comes precisely at the time the American people are expressing their clear and firm support for a new drive for excellence in our public schools, a drive they know will take additional resources and resources they are willing to provide.

It is in this context that we bring our recommendations to you today. Our ultimate goal is clear. We believe it is essential that education funding be brought to a level at least equivalent to that of fiscal year 1980 as soon as possible. Moreover, the Federal Government must become a full partner in the quest for excellence in American education by providing new and expanded assistance to help improve the quality of instruction and student achievement in our public schools.

We recognize that in the current political and economic climate, such a goal can be obtained only over time. As a first step, we ask you to assure that education funding does not slide any further backward. Appropriations for fiscal year 1987 should be at least equivalent to those passed by the Congress for fiscal year 1986, prior to the imposition of the March 1 Gramm-Rudman-Hollings cut, plus the adjustment for last year's inflation.

Moreover, it is essential that we begin to add back previously lost resources for programs such as chapter I, which served the disadvantaged and other children with special needs.

Under the President's budget, funding for the U.S. Department of Education would have been reduced or would be reduced to $15.2 billion in fiscal 1987, $3.9 billion less than the 1985 appropriation level. Given the needs of our Nation's public school students, these recommendations could not come at a worse time.

Consider the present state of Federal education programs. Education services have been drastically reduced since 1980, with the most dramatic losses in elementary and secondary education programs. Appropriations for elementary and secondary education programs rose 7 percent between 1980 and 1986, while inflation rose more than 38 percent.

The Department of Education likes to talk about level funding since this administration took office, but in terms of children served, the freeze has been a freezeout. One million fewer eligible students were served in chapter I programs in 1985–86 than in 1980–81. A freeze in chapter I programs for fiscal year 1987 would necessitate the elimination of 260,000 more students eligible for compensatory education programs. In bilingual education programs, 130,000 fewer students are being served in 1986 than were in 1980. Some 30,000 more handicapped students will need services in 1986–87 than in 1985–86, yet this administration proposes cutting those programs, both in fiscal year 1986 and 1987.

Many of the chapter II programs and their antecedent categorical programs have been totally eliminated as funding for chapter II dropped by almost $500,000.

In the area of higher education, student assistance, total student charges rose 53 percent between 1980 and 1986, while the Consumer Price Index rose 36 percent, yet this administration would reduce Federal aid for almost 1 million young people seeking access to postsecondary education.

Mr. Chairman, without a strong system of public education, there can be no national security; there can be no economic development; there can be no advancement in any area.

In closing, the issue is not the number of dollars the Federal Government spent in one year compared to another, but the great unmet needs of American students. At the same time, in cold fiscal terms, it is in our interest as a Nation to invest in programs that will help at-risk children and youth function as productive members of the society.

We encourage this subcommittee and you, in particular, Mr. Chairman, to continue your activities on behalf of public education in our country.

Thank you very much.

PREPARED STATEMENTS

Senator WEICKER. Thank you very much. I have no questions. I think you've made a very eloquent statement.

Senator Hatfield?

Senator HATFIELD. No; I have no questions. Thank you.

Senator WEICKER. Thank you. We will include in the record your submitted statement in its entirety, along with other statements submitted for the record on appropriations for elementary and secondary education.

[The statements follow:]

STATEMENT OF KENNETH F. MELLEY

I am Ken Melley, Director of Government Relations/Political Affairs for the 1.8 million-member National Education Association. We deeply appreciate this opportunity to testify on the funding of education programs for fiscal year 1987 -- an issue that will have far-reaching implications on the direction and substance of national education policy for the rest of this century.

We recognize that this Subcommittee has some very hard choices before it. Our present economic situation -- marked by enormous federal deficits and increasing social needs -- limits the available resources. But we trust this Subcommittee will continue to do what it has done in the past -- recognize that education is an essential investment in our national life: a critical element in the well-being of our people, the expansion of our economy, and the security of our country. This Subcommittee been in the forefront of the Congressional effort to enhance the quality of American education. We are confident that you will continue that vital support.

Despite the support of the Congress, education has lost significant ground to inflation and previous budget cuts over the past five years. Ironically, this comes at precisely the time the American people are expressing their clear and firm support for a new drive for excellence in our public schools -- a drive that they know will take additional resources; resources they are willing to provide.

It is in this context that we bring you our recommendations today. Our ultimate goal is clear. We believe it is essential that education funding be brought to a level at least equivalent to that of FY 1980 as soon as possible. Moreover, the federal government must become a full partner in the quest for excellence in American education by providing new and expanded assistance to help improve the quality of instruction and student achievement in our public schools.

We recognize that in the current political and economic climate, such a goal can be attained only over time. As a first step, we ask you -- at the very least -- to assure that education funding does not slide any further backward. Appropriations for FY 1987 should be at least equivalent to those passed by the Congress for FY 1986 -- prior to the imposition of the March 1 Gramm-Rudman cuts -- plus an adjustment for this last year's inflation. Moreover, it is essential that we begin to add back previously lost resources for programs, such as Chapter 1, which serve the disadvantaged and other children with special needs.

The President's Budget

Under the President's budget, funding for the U.S. Department of Education would be reduced to $15.2 billion in FY 1987 -- $3.9 billion less than the FY 1985 appropriation level and $3.2 billion less than the amount originally appropriated by the Congress for FY 1986. This would represent a 20 percent reduction in just two years -- without even taking into account the effects of past budget cuts or inflation. In fact, the Administration's recommendations fall more than $7.3 billion short of what would be needed just to maintain FY 1980 funding levels after accounting for inflation. Moreover, the President's budget projects decreasing U.S. Department of Education funding to $14 billion by 1991.

The Administration's proposals for education funding are unacceptable and must be rejected. The federal role in public education is a small but vital one. Federal funds account for 90 percent of the money states spend on remedial education programs and 80 percent of all postsecondary student aid. According to NEA's Ranking of the States, 1985, in 1983-84 federal funds accounted for between 10 and 17 percent of all education resources in 12 states and between 8 and 10 percent in nine other states. The reductions proposed by the Department of Education may seem small in terms of total educational spending, but they could be devastating to the programs they fund and the children they serve.

Reductions in Service

Consider the present state of federal education programs. Education services have been drastically reduced since 1980. According to Fiscal Planning Services, Inc., it would cost $22.5 billion to maintain the same level of services provided in FY 1980.

The most dramatic losses have been in elementary and secondary education programs. Appropriations for elementary and secondary education programs rose seven percent between FY 1980 and FY 1986, while inflation rose more than 38 percent during the same period. The Department of Education likes to talk about level funding since this Administration took office, but in terms of children served, that freeze has been a freeze out.

According to figures in the FY 1980 and FY 1986 Federal Budgets, 1 million fewer eligible students are served in the Chapter 1 program in the 1985-86 school year than in 1980-81. According to Congressional Research Services the percentage of students served in Chapter 1 has dropped to 31 percent of those eligible. The Department of Education estimates that a freeze in the Chapter 1 program for FY 1987 would necessitate the elimination of 260,000 more students eligible for compensatory education services.

In bilingual education programs, 130,000 fewer students are being served in FY 1986 than were in FY 1980. The federal share of bilingual education programs has shrunk from approximately $485 per pupil in FY 1980 to approximately $300 per pupil in FY 1986.

The U.S. Department of Education predicts that 30,000 more handicapped students will need services in the 1986-87 school year than in the 1985-86 school year, yet it proposes cutting funding for handicapped education. The federal share of handicapped education programs has dropped from 12 percent to approximately 8 percent. Since the passage of P.L. 94-142, hundreds of thousands of young people have been integrated into the schools, and thus into society. Education of the handicapped is a moral and economic necessity for this country.

Many Chapter 2 programs and their antecendent categorical programs have been totally eliminated as funding for Chapter 2 dropped by more than $200 million in nominal dollars and almost $500 million in constant 1980 dollars between FY 1980 and FY 1986.

The Administration's proposal to eliminate Impact Aid `B' payments flies in the face of its call for local citizens to assume full responsibility for funding their local schools. In its capacity as an employer and landholder, the federal government should assume its full share for supporting local services.

The President's proposal to halve spending in vocational education programs turns a blind eye to the enormous need for improvement in this area, the necessity of replacing obsolete equipment, and the requirements of increasing complex technological society.

In the area of higher education student assistance, the Congressional Budget Office reports that total student charges rose 53 percent between 1980 and 1986 while the Consumer Price Index rose 36 percent. Yet the Administration would reduce federal aid for those seeking access to postsecondary education -- students in need of help.

According to the College Board, in 1983-84 about 93 percent of the Pell Grant funds were provided to students in families below $20,000 income. In that same year, 40 percent of the Guaranteed Student Loan recipients came from families with incomes below $15,000, and almost 70 percent of the GSL recipients came from families with incomes below $30,000.

Over the past five years, new revenues raised by state and local governments to support education reform efforts have been diverted into making up for reductions in federal assistance in virtually every area of elementary and secondary education.

The needs of these programs continue to grow, even while the ability of states and localities to generate new revenue is dwindling. According to the National Governors' Association, 23 states will have revenue shortfalls in FY 1986; 20 states will reduce their budgets in FY 1987.

Conclusion

Mr. Chairman, without a strong system of public education, there can be no national security, there can be no economic development, there can be no advancement in any area. The progress in public education, which leads to progress in every other area of our national life, is a direct result of an educational partnership of federal, state, and local governments.

The issue is not the number of dollars the federal government spent in one year compared to another, but the great unmet needs of American students. At the same time, in cold, fiscal terms, it is in our interest as a nation to invest in programs that will help ``at risk`` children and youth function as productive members of society.

The correlation between those who fail to finish school and those who are chronically unemployed is clear. The correlation between disadvantaged students who have access to compensatory education programs and those who later have high levels of success in their school careers is also well-established. The same is true of programs -- mandated and partially funded by the federal government -- to assist handicapped children and youth. These programs lead to high rates of social integration and individual success in later life. Clearly these are suitable goals for our nation, not only from a moral standpoint, but as a nation which seeks to invest its limited resources wisely.

America can create new opportunities for growth and prosperity. We can bring up the quality of life for all

Americans. But like any other enterprise it will take a sound investment. Public education is such an investment. NEA asks that you help lead this country into a future filled with promise. We urge you to fully fund these vital programs, safeguard education from any further cuts, and assure that need-based programs -- such as Chapter 1 -- are able to fully serve the needs of American students. With adequate federal support, we can provide a system of public education that is more than adequate. We can provide excellence.

Thank you.

LETTER FROM SHIRLEY ECHELMAN, EXECUTIVE DIRECTOR, ASSOCIATION OF RESEARCH LIBRARIES

April 24, 1986

The Honorable Lowell P. Weicker, Chairman
Senate Subcommittee on Labor, HHS, and Education Appropriations
131 Dirksen Senate Office Building
United States Senate
Washington, D.C. 20510

Dear Senator Weicker:

This letter is submitted on behalf of the Association of Research Libraries, an organization of 118 of the largest academic and other research libraries in the United States and Canada. A list of ARL member institutions is attached. We request that this letter be made part of the hearing record on FY 87 appropriations for the Department of Education.

For the fifth year in a row the President has proposed elimination of federal programs that support libraries -- for the fifth time ARL appeals this shortsighted recommendation to your Subcommittee -- and we hope that for the fifth time, you and your colleagues in Congress will reject the President's proposal and fund these programs. From your statement at the recent hearing after the Administration's witness attempted to justify zero funding for library programs, we are optimistic that once again you will emerge as a champion for libraries within the Senate. I hope that the following information will assist you in making an argument with your colleagues to continue a federal role in support of libraries.

Last year Mr. Chairman, the statement I submitted to the Subcommittee reported that ARL believed that funding for library programs at the level of the previous year, adjusted only to maintain current service levels, was fair. We maintain that position. However, we reject the assumption that rests within the Gramm-Rudman-Hollings law that all programs should be cut equally to contribute a fair share toward reduction of the federal deficit. There have been changes in the pattern of federal spending during these past five budget cycles (increases and decreases) but funding for library programs has not been among them. Thanks to your support, overall funding for this category of federal programs has not been cut but has remained relatively constant. However, other categories of the federal budget have increased dramatically. This, coupled with a decrease in revenue, has increased the federal deficit to the point that Congress has taken severe measures to force spending cuts.

The March 1986 Gramm-Rudman-Hollings 4.3% cut that came out of appropriations for FY 86 education and library programs compensated for increased spending in other parts of the budget and most certainly not from excessive overspending on library programs. By holding appropriation levels at a relatively constant level, the programs have in fact, been reduced. In real dollars, the federal education budget has already been cut by 20% since FY 1980. Eliminating or reducing to the point of ineffectiveness library programs puts the future leaders of the country in a situation of catch-up that can never totally be achieved. For policy makers, business leaders, scholars and the general public, library materials will be increasingly difficult to obtain (not acquired or acquired but not cataloged) or totally lost for the future (deteriorated due to lack of preservation treatment). Education and library spending are investments for the future of the country and should be recognized as a priority spending category.

ARL endorses the recommendations of the American Library Association for appropriation levels for library programs at amounts required to maintain the current level of services before the Gramm-Rudman-Hollings sequestor. (A copy of a summary of ALA appropriation recommendations is attached.) Specifically, we endorse $126,525,000 for the Library Services and Construction Act and $12,350,000 for Title II of the Higher Education Act.

The Administration has argued that the HEA II-C research library program should be eliminated because there are other federal programs to support research libraries. We disagree. While there are programs administered by the National Endowment for the Humanities that are of great assistance to research libraries, particularly in addresssing the need to preserve deteriorating research materials, they are modest and could in no way compensate for the loss of programs within the Department of Education. First, by definition, NEH programs are oriented to advancing the humanities and so it would be inappropriate to seek to use NEH awards for preserving resources in the social sciences and the sciences. In addition, the level of funding for NEH is modest to say the least. The NEH Preservation Office received only $3,976,000 for FY 86 and that was even further reduced to $3,805,000 by the Gramm-Rudman-Hollings sequestor order. In FY 85, 29% or $1,730,000 of the total HEA II-C funds awarded were allocated for preservation projects. Both amounts added together barely begin to scratch the surface of need for addressing the challenge of preserving the results of over a hundred years of publishing. Realistically, the magnitude of the problem is so great that no single source of funding will suffice. However, continued Federal programs within the Department of Education and NEH at at least the currrent level of funding is essential to maintain growing national momentum to accelerate preservation activity and to attract additional support from other sources.

Over the history of the HEA II-C program, most of the awards have gone to support bibliographic control or cataloging projects. In FY 85, 71% or $4,237,000 was awarded for this purpose. These projects enable a research library to describe unique material, or material not available in many libraries, in online databases. These databases are widely available to people across the country so that identification and location of specialized material becomes a practical and effective reality. Since 1978, when the II-C program began, university libraries that report statistics to ARL indicate that the number of books and other material they have lent to other libraries has increased by one third. While other factors may have contributed to this impressive increase, the existence of the II-C program and the preponderance of projects for bibliographic control has contributed to the ability of scholars everywhere to gain access to material in the research library collections of the country.

While there is evidence to suggest the II-C bibliographic control awards have been put to good use, why not reduce the funding for bibliographic control or reallocate it all to preservation projects? A study was undertaken by ARL last year to estimate the number of books that are of academic signifcance that are not yet described in databases or computerized catalogs. The results of the study indicate that there are still 6 to 7 million unique bibliographic records for such books that are not yet in machine readable form. This means that scholars unable to travel to different research libraries to consult local catalogs will have limited access to a large body of knowledge. There continues to be a need for the HEA II-C program to make awards for bibliographic control projects.

The impact of elimination of the HEA II-C program could not be significantly compensated for by other funding sources. The inevitable decline in productivity that would result from the absence of the program would restrict the efforts of research libraries as they attempt to fulfill their mission of providing the research resources that are needed by students and educators, researchers, and business and public policy decision makers.

As you know, the College Library Resources program, HEA II-A, is being amended in a way that will target the grants to the neediest academic libraries. The criteria included in the amended II-A (as adopted by the Senate Labor and Human Resources Committee in S.1965 and by the House in H.R. 3700) were developed by members of the academic library community working within the American Library Association. ARL supports the use of these criteria and supports the ALA recommendation that the Subcommittee consider funding II-A for FY 87 at $5,000,000 which would provide grants of between $2,000 and $10,000 to about 1,000 of the neediest academic libraries.

Fellowships awarded to attract quality candidates to library education are provided by HEA II-B. Minority representation in the library profession is low but attracting such candidates into a relatively low-paying field without the assurance of financial support is difficult. II-B has therefore concentrated on minority candidates for graduate degrees. However, the number of minority students enrolled in library schools has dropped 40% since 1979. Last January, the Dean of the Atlanta University School of Library and Information Studies assessed declining minority enrollment as a crisis and attributed it to a decline in financial assistance, especially descresed support for the II-B program. ARL encourages the Subcommittee to fund the II-B program generously for FY 87.

The Library Services and Construction Act stimulates funding for public libraries and supports important, innovative activities in every state. As libraries are no longer able to keep up with the acquisition of all new publications because of budgetary constraints, LSCA Title III which supports regional library resource sharing, is especially important. Zero funding for LSCA III would terminate many cooperative projects and reduce others. We recommend the Subcommittee appropriate $18,900,000 for LSCA III to enable libraries to share resources across local and state boundaries.

Libraries exist not to serve librarians but to meet the informational and academic needs of the people of this country and federal programs for libraries play a critical role in helping to achieve that mission. Their absence would affect not just libraries but the people we serve. Thank you for considering the views of the Association of Research Libraries and thank you for your past support.

Sincerely,

Shirley Echelman

Shirley Echelman
Executive Director

SUMMARY OF AMERICAN LIBRARY ASSOCIATION APPROPRIATIONS RECOMMENDATIONS
FY 1987 Labor-HHS-Education Appropriations

Library Programs	FY 1986 Appropriation	FY 1986 After 4.3% Sequester[1]	FY 1986 Rescission Proposal[2]	FY 1987 Authorization	FY 1987 Reagan Request	FY 1987 ALA Recommendation[3]
Library Services & Construction Act TOTAL	$120,500,000	$115,318,000	-$26,318,000	$170,000,000	-0-	$126,525,000
Title I, Public Library Services	75,000,000	71,774,000	-	85,000,000	-0-	78,750,000
II, Public Library Construction	22,500,000	21,533,000	-21,533,000	50,000,000	-0-	23,625,000
III, Interlibrary Cooperation	18,000,000	17,226,000	-	30,000,000	-0-	18,900,000
IV, Indian Libs.	(funded at 2% setaside of appropriations for LSCA I, II, & III)					
VI, Lib. Literacy	5,000,000	4,785,000	-4,785,000	5,000,000	-0-	5,250,000
Higher Education Act TOTAL	$ 7,000,000	$ 6,699,000	-$6,699,000	$ 30,000,000[4]	-0-	$ 12,350,000
Title II-A, College Lib. Resources	-0-	-0-	-	12,500,000[4]	-0-	5,000,000[5]
II-B, Lib. Training and Research	1,000,000	957,000	-957,000	5,000,000[4]	-0-	1,050,000
II-C, Research Libraries	6,000,000	5,742,000	-5,742,000	12,500,000[4]	-0-	6,300,000
Education Consolidation & Improvement Act Chapter 2 El/Sec Educ. State Block Grant[6]	528,909,000	506,166,000	-	such sums	528,909,000	555,354,000
National Commission on Libraries & Info. Science	690,000	660,000	-	750,000	690,000	725,000

SUMMARY OF AMERICAN LIBRARY ASSOCIATION APPROPRIATIONS RECOMMENDATIONS
FY 1987 Labor-HHS-Education Appropriations

Library Programs	FY 1986 Appro-priation	FY 1986 After 4.3% Sequester[1]	FY 1986 Rescission Proposal[2]	FY 1987 Authori-zation	FY 1987 Reagan Request	FY 1987 ALA Recom-mendation[3]
Center for Statistics, ED (incl. library surveys)	8,747,000	8,371,000	-	14,000,000	12,000,000	12,000,000
Natl. Lib. of Medicine (incl. Medical Lib. Asst. Act)	57,808,000	55,322,000	-	such sums	56,408,000	60,698,000

[1] Balanced Budget-Emergency Deficit Control Act (Gramm-Rudman-Hollings Amendment) required 4.3% cut March 1, 1986.

[2] ALA recommends that Congress reject the Administration's rescission proposals for library programs.

[3] ALA recommends funding at amounts required to maintain the current level of services (before G-R-H sequester).

[4] As in House-passed HR 3700; Senate Subcommittee's S. 1965 has $5,000,000, $1,050,000 and $6,300,000 for II-A, B & C.

[5] Would fund about 1,000 neediest institutions under need criteria included in both HR 3700 and S. 1965.

[6] Forward funded consolidation of 28 programs incl. former ESEA IV-B School Library Resources and Instruct. Equipment.

ASSOCIATION OF RESEARCH LIBRARIES

Founded in 1932, the Association of Research Libraries is an organization of 118 of the largest university and other research libraries in the United States and Canada.

National Libraries:
- Canada Institute for Scientific and Technical Information
- Library of Congress
- National Agricultural Library
- National Library of Canada
- National Library of Medicine

Special Libraries:
- Center for Research Libraries
- Linda Hall Library
- Smithsonian Institution Libraries

Public Libraries:
- Boston Public Library
- New York Public Library
- New York State Library

University Libraries:

Alabama
Alberta
Arizona
Arizona State
Boston
Brigham Young
British Columbia
Brown
Calif., Berkeley
Calif., Davis
Calif., Irvine
Calif., Los Angeles
Calif., Riverside
Calif., San Diego
Calif., Santa Barbara
Case Western Reserve
Chicago
Cincinnati
Colorado
Colorado State
Columbia
Connecticut
Cornell
Dartmouth
Delaware
Duke
Emory
Florida
Florida State
Georgetown
Georgia
Georgia Inst. of Tech.
Guelph
Harvard
Hawaii
Houston
Howard
Illinois
Indiana
Iowa
Iowa State
Johns Hopkins
Kansas
Kentucky
Kent State
Laval
Louisiana State
McGill
McMaster
Manitoba
Maryland
Massachusetts
Mass. Inst. of Tech.
Miami
Michigan
Michigan State
Minnesota
Missouri
Nebraska
New Mexico
New York
North Carolina
North Carolina State
Northwestern
Notre Dame
Ohio State
Oklahoma
Oklahoma State
Oregon
Pennsylvania
Pennsylvania State
Pittsburgh
Princeton
Purdue
Queen's
Rice
Rochester
Rutgers
Saskatchewan
South Carolina
Southern California
Southern Illinois
Stanford
SUNY Albany
SUNY Buffalo
SUNY Stony Brook
Syracuse
Temple
Tennessee
Texas
Texas A&M
Toronto
Tulane
Utah
Vanderbilt
Virginia
Virginia Poly.
Washington
Washington State
Washington, St. Louis
Waterloo
Wayne State
Western Ontario
Wisconsin
Yale
York

STATEMENT OF DAVID C. DANIELS, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION

The American Legion appreciates the opportunity to express its views on the bilingual education portion of the Department of Education's Fiscal Year 1987 budget.

The Department of Education proposes to maintain the bilingual education program at the 1986 presequester level of $143 million. The American Legion strongly believes in the federal role in assisting local school districts attempting to educate an increasingly divergent group of students.

The level of funds requested by the Administration are probably adequate if certain other changes are concurrently implemented in the bilingual education program.

With passage of the Bilingual Education Act in 1968, the federal government began to play a role in assisting local school districts in teaching English to students whose primary language was not English. In subsequent reauthorizations the emphasis of bilingual education program began to shift from a focus on acquisition of proficiency in the English language to a policy instead stressing pride in one's cultural heritage. While cultural heritage and diversity of backgrounds have always been an important part of American culture due to the immigrant makeup of this country, the focus must never be shifted from the absolute necessity of obtaining proficiency in English. It is a tragic fact that citizens who are unable to skillfully communicate in English become victims of an unrealistic policy. Being denied their full rights and responsibilities as U.S. citizens due to their lack of ability to participate fully in the political and economic benefits of an increasingly competitive American society, citizens with English language deficiencies are sadly precluded from reaching their full potential.

Since the mid to late 1970's the primary instructional technique for teaching English relied on using the child's native language as the medium of instruction until such time a child could function successfully in classrooms taught in English. Much controversy continues to surround the mixed results of this technique known as "transitional bilingual education."

Mr. Chairman, The American Legion is not qualified to make a judgement as to what teaching technique, if any, is superior to another. We do know that many school districts through-out this land have enjoyed success with various alternative instructional methods. We believe that a great need exists for local communities to have the flexibility to choose whatever teaching technique that is likely to achieve success for their limited English proficient children.

Currently, Congress has effectively mandated a single teaching method by requiring that 96% of pertinent bilingual education funds be expended on teaching the transitional bilingual education method. Many local school districts having multi-national children representing as many as 70 different languages have found it impossible to find skilled teachers to teach children in their own languages as mandated by Congress and have been precluded from participation in the bilingual education program. Last year up to 25 percent of applications for bilingual education assistance requested funds for alternative instruction methods in which only 4% of funds were available.

The American Legion fully supports the bipartisan initiative that Secretary of Education William Bennett has launched to increase the level of flexibility allowed in teaching alternative methods stressing a proficiency in English as quickly as possible. We urge all members of the House and Senate to support legislative initiatives currently pending in both chambers which have been designed to return to the local school districts the ability to choose the method of instruction which best suits the needs of their own unique circumstances.

STATEMENT OF THE NAVAJO NATION

The purpose of this testimony is to discuss a critical matter of policy which the U. S. Department of Education seeks to address through the appropriations process -- that is the place of bilingual education in the education programs provided to children of limited English proficiency. The Department of Education is seeking through appropriation, regulation and statute to dismantle federal support for bilingual education. This conclusion may seem harsh, but it is the only conclusion we can reach based upon all the actions of the Secretary of Education in recent months in regard to bilingual education.

In public addresses and published articles, the Secretary of Education has made clear his hostility to bilingual education. The elimination of dilution of this program appears to be a "cause" with him. He is evidently convinced that only through "immersion" in the English language can students of limited English proficiency do well in school. He also apparently believes that he has the right to subvert the intent of Title VII, the Bilingual Education Act, in the name of English "immersion". We believe that he is wrong about the value of bilingual education. We also believe that his attempts to restructure the Bilingual Education Act away from bilingual education are seriously misguided and should be rejected by Congress. Finally, we most strongly object to the utilization of the appropriations process to attempt to effect such a drastic change in education law and policy.

The experience of the Navajo Nation is that bilingual education is a particularly appropriate way to educate our Navajo children of limited English proficiency, or as they might be categorized, of enhanced Navajo proficiency. The Navajo Nation is a bilingual Indian nation within the larger borders of the United States. We are not immigrants. We are not attempting to immerse ourselves into a country to which we have freely chosen to move. Instead we are the descendants of the pre-conquest inhabitants of this land.

We are attempting a much more difficult transition than that of the immigrant. We are attempting to gain the skills necessary to interact freely with the dominant society while preserving the essence of what we are as Navajos. We want our children to have choices, to be able to move into the dominant society and compete successfully -- but also to be able to live successfully and thrive economically, socially and culturally within the Navajo Nation. To do this, our children must become competent in English and remain competent in Navajo. They must not be required to sacrifice one language to the other or one society for the other. For us, bilingual education is the only approach to educating our children which is consistent with our survival as a distinct people.

The Department of Education would have you believe that the amendments they are seeking, eliminating the 4% ceiling on alternative, "English only" programs, are intended to allow more "local control" of bilingual education approached by local schools and school districts, and that concerns such as we are voicing in this testimony can be addressed at the local levels by supporting local programs which are bilingual. We believe that in actual practice, the changes proposed by the Department will make it much more difficult for a local school to obtain funding under Title VII for a truly bilingual education program.

The Department of Education is proposing regulations and, if Congress allows this change to Title VII, will develop guidelines which will govern the competition for Title VII funds. Title VII funds are limited. They are not available to every local school with children of limited English proficiency. It is clear that these guidelines will favor the English immersion approach. As a consequence, those schools utilizing English immersion programs will have competitive advantage over those schools seeking truly bilingual programs for their students. We are convinced that some of our most promising Navajo bilingual programs will be disadvantaged in this competition for Title VII funds.

As stated above, we believe that Secretary Bennett's faith in English immersion programs is misplaced. The term "immersion" comes from the Canadian experience of the last 20 years. The Canadians have conducted very successful programs of highly-French or French-only education for the children of English speaking parents who see it to their child's advantage to be bilingual in French and English. Most of the Canadian writers writing about these programs (LAMBERT, TUCKER, CUMMINS, SWAIN, and others) have from the outset told Americans that, because of the very different power and socio-economic relations in the two countries, we should be very cautious in analogizing from the Canadian experience.

It should be noted, also, that the particular purpose of the French "immersion" in Canada is to produce a bilingual person who, by the end of his or her education, will be fluent in both languages. That is not the purpose of English "immersion" as supported by Secretary Bennett. Indeed, his approach supports transforming children of other language backgrounds into monolingual English speakers.

English "immersion", in the hands of the insensitive, can rapidly become English "submersion". The "immersion" approach assumes a program which is just "one step" more difficult than the child's ability in the new language. As the child masters more English, he is more deeply "immersed" in the language. In practice, however, it seems almost impossible to write a set of regulations that would somehow insure that a school would use language which is "only one step" more difficult. We fear that the "immersion/submersion" distinction would be made after the fact -- for those children who didn't drown, it would be rated an "immersion" program.

The most serious criticism which Secretary Bennett makes of bilingual education is that it does not work. We believe that his evidence for this contention is flawed. The Secretary relies upon the research which he commissioned (BAKER and DeCANTER), which, predictably, found no conclusive proof of the superiority of bilingual education in the existing literature. This research is flawed. In all instances in which bilingual education was found to be effective, the research concluded that "other factors" could have been involved or questioned the credibility of the authors. The research then identified "immersion" as the answer based upon evidence of heresay stories about a program in Texas. In a final irony, the Texas program turns out to be a bilingual program in a single kindergarten, in which instruction is conducted in English in the morning and Spanish in the afternoon. (See WILLIG)

In addition, our own experience convinces us that well designed bilingual education programs offer the best hope for effective education for our children. Such programs can not only equip them with the requisite English language skills, but also instill in them a sense of "empowerment" in which they see the strengths of their parents and their community confirmed in their education. We have such programs in some of our local Navajo schools, such as Rock Point Community School, and can vouch for their effectiveness and value.

What Secretary Bennett is proposing to do is to use bilingual education money to fund monolingual education. We suggest that there are other resources which can be called upon to support monolingual instruction. The resources available to support bilingual education programs are very limited. They should not be subject to dilution. There was almost no real bilingual education in this country before the Bilingual Education Act was enacted. We believe that if the changes proposed by Secretary Bennett are approved by Congress, we will regress educationally and see the near elimination of bilingual education in all but the most committed schools.

Clearly, a change with such serious policy implications, should not be made through the appropriations process. Even Secretary Bennett has somewhat belatedly recognized this fact, by submitting a bill to Congress to make the changes he is calling for. We urge the Appropriations Subcommittee and the full Appropriations Committee to reject this attempt to legislate in such a sensitive area through the appropriations process. We ask you to request of the Secretary of Education that language be included in the appropriation bill lifting the 4% ceiling on alternative, "English only" programs.

STATEMENT OF NATALE A. SICURO, PRESIDENT, SOUTHERN OREGON STATE COLLEGE, ASHLAND, OR

Senator WEICKER. Chairman Hatfield?

Senator HATFIELD. Mr. Chairman, I have the pleasure this morning to introduce the next witness, who is Nat Sicuro, as well as Congressman Bob Smith from Oregon, who is honored to be representing the Southern Oregon State College in his district. President Sicuro has really been a remarkable educational leader in our State for the last 7 years. He is from one economically depressed areas of our State, and he's launched a whole new relationship, partnership, between his institution of learning and the economic needs of that area as a resource to help correct some of those economic deficiencies. He has gone out and raised sums of money in an extraordinary way to offset some of the losses of support the college has experienced from the traditional sources of support.

He is here today not only representing that particular institution, but he is, as the record shows already, here today to represent about 1 dozen other associations, the American Association of Community and Junior Colleges, the American Association of State Colleges and Universities, the American Council on Education, et cetera, et cetera. All of those will be part of the record.

But he is recognized both in my State and throughout the country as an outstanding leader in education. It is a great privilege to introduce him.

But, Mr. Chairman, with your indulgence, I wonder if Congressman Smith might be permitted to make a few remarks on behalf of the presentation of President Sicuro to us this morning.

Senator WEICKER. Congressman?

Mr. SMITH. Thank you, Mr. Chairman. Thank you, Senator.

It is my privilege to be here with Nat Sicuro, who has been president of Southern Oregon State College since 1979, and we in Oregon are proud of him, as well as he's been recognized nationally in his role here today.

My only thought, Mr. Chairman, was that while Dr. Sicuro has not enjoyed great national publicity on television, like his son, who is quarterback for the great Washington Huskies, and you've probably seen him a good deal, we're still proud of the father, and it's nice to have Dr. Sicuro here.

Mr. SICURO. Thank you very much, Congressman.

Mr. Chairman, I am honored, as Senator Hatfield indicated, to represent millions of college and university students in the Nation today.

One month ago today, I was also honored to chair an economic and emergency summit on higher education here in Washington, where 60 presidents, representing all of the colleges and universities in the country, from Harvard to Michigan State, your friend, John D'Biagio, and others came to Capitol Hill to express their concern on the administration's proposed cuts.

Contrary to what the national sentiment is, that college presidents really don't care, we did care and came here, and Senator Hatfield was gracious enough to address this group and inspire them to move on in their efforts of offset these cuts and to generate the interest of the Nation along the lines of what you just mentioned a few minutes ago.

You and Senator Andrews responded with the rest of the Senate, and Senator Hatfield, Senator Packwood from our State in passing the Andrews-Weicker amendment that restored $1.2 billion to our effort, and for that, we are very grateful to you.

Your response in that regard, as well as the 1987 budget resolutions, are imminent now in terms of the appropriations cycle, and we would like to ask you to consider for immediate action the restoration of about $370 million for Pell grants that were caused by a shortfall in the 1986 appropriations of $215 million and another $154 million that was caused by the Gramm-Rudman sequestration.

It is important that these dollars be restored, because 1 million students out of the 5 million who now receive aid, or 20 percent, would be affected adversely if these funds were not appropriated.

In addition, if you would look at that particular dollar figure, we are only talking about $400 per student in a large leverage of human capital, and the investment that these dollars and the rest of the budget—of course, you have recognized that the Federal role in higher education is clearly a national priority. You have established that, and I hope that you will continue with that.

We feel that Federal aid has been the equalizer and clearly has been the vehicle to carry out the civil rights movement. It is no longer a privilege for just the elite to go to college. It is a right for all to go to college if they so choose, and the dollars that are being spent are clearly an incentive in leveraging the youth of America, and older people as well, and we know that figures show us that college graduates will earn over 40 percent more in a lifetime than noncollege graduates, and they will pay back their loans, and they will pay back their grants many times, despite the figures that we see day in and day out that are in the minority.

I am a product of grants and loans. I would not be sitting here today before you had it not been for that kind of financial assistance, and I am grateful to this Nation for it.

Finally, I would like to ask you to consider something that Senator Hatfield and you have mentioned many times, and that is that education clearly is a first line of defense for this Nation. And I would like you to consider maybe retitling the Higher Education Act, the National Defense Education Act again as it was in 1957. I think visibly, by calling it that, we would put to rest once and forever, I would hope, in the public sector that education is a national priority, just as important as defense, regardless of the number of dollars that are spent.

And to respond to your statement a few minutes ago, we have asked the presidents of this Nation and their boards of trustees, the students, the faculty members, to respond to a call for conscience, which is a one-page statement that underscores our concerns, and they are now signing on by the thousands and the millions on that statement, which will be deposited with the committee today and in the future.

PREPARED STATEMENT

So with that, I want to again thank you, and I'd be very happy to answer any questions, if you do have any.

[The statement follows:]

STATEMENT OF NATALE A. SICURO

I am Natale A. Sicuro, President of Southern Oregon State College. I am here to present the recommendations of several national associations for the higher education programs of the Department of Education budget.

Our highest priority for FY 87 is placed on the student aid programs through which the federal government provides 75 percent of total national expenditures for scholarship assistance. These programs are essential to maintain the nation's commitment to postsecondary opportunities.

While the Administration would sharply diminish this federal role, its importance has been strongly supported by this Subcommittee and by the Congress. The vital role of higher education in strengthening the nation's economic base has been acknowledged by numerous studies, including the President's Commission on Industrial Competitiveness. Just a few weeks ago, the White House Science Council Panel recommended that the federal government "make substantially greater investments in our centers for learning in the 1980's and 1990's" to meet the nation's needs for scientific and technical talent.

Yet our critical capacity to develop human resources is eroding as the need is growing more urgent. The number of students in the Pell Grant program whose families are too poor to contribute anything to their education will total 1.7 million next fall, as compared to 1.2 million six years ago. Two-thirds of the 2.8 million Pell recipients have family incomes below $10,000; almost 90 percent have family incomes below $20,000.

These are precisely the students who most need federal aid to obtain postsecondary education. The lower the family income, the lesser the chances of college attendance: for example, 86 percent of 1980 graduating high school seniors with high academic ability and high family income went directly to college, compared to 62 percent of high-ability students from low-income families.

This gap is likely to increase unless federal aid increases substantailiy, because of a marked decline in mean family income in recent years. Between 1973 and 1984, the mean income for all families with children declined 8.3 percent. According to a recent analysis for the Joint Economic Committee, poverty is increasing for families with children because of the growth in the number of families headed by females, the increased incidence of low earnings among male heads of families, and the decline in the real value of transfer payments to poor families with children.

But as the need for student aid increased, the value of federal aid suffered further erosion last year as appropriations were frozen at FY 85 levels and then cut 4.3 percent below that by the March 1 Gramm-Rudman-Hollings sequestration. We urge the Subcommittee not to permit further erosion in FY 87.

America's colleges and universities have pressing needs, not only for student aid, but for support to strengthen the quality of education at the undergraduate and graduate levels, and to address serious deficiencies in academic and laboratory facilities. Nevertheless, we recognize that these needs may go unmet due to the exigencies of the Gramm-Rudman-Hollings deficit reduction goals.

In the expectation of a budget resolution for FY 87 which will generally freeze spending ceilings, with some possible adjustment for inflation, our highest priority is for those programs of the Higher Education Act that provide students access and choice of postsecondary education. Under a "current services" budget, additional funding in the range of $200-$300 million would be available for these programs. That would be sufficient for the Pell Grant maximum to keep pace with inflation, for Supplemental Grants to be distributed equitably to needy students in both public and independent institutions, and for other student aid programs to be maintained at their current value.

FY 86 Supplemental

Our first request is that you provide the supplemental FY 86 appropriation for Pell Grants that is necessary to maintain current eligibles in the program, but which the Administration has failed to request. As we wrote you last February 19, the Pell Grant program is now $369 million short of the amount needed to assist all needy students currently eligible for awards. Some $215 million of this is due to increases in the number of eligible students; $154 million is due to the March 1 Gramm-Rudman-Hollings sequestration.

Without a supplemental, the full $369 million will have to be cut from the program by application of the statutory reduction formula. This would be devastating to needy students throughout the country. CBO estimates that it would remove some 340,000 students from the program entirely, and require substantial reductions in the awards of another 640,000 recipients from families with incomes down to $12,000. For example, students from families with incomes of $20,000 would have their grants cut by $600; students with $15,000 family incomes would be cut by $200; the effective upper limit on eligibility would be reduced from $26,500 to $21,500 for a family of four with one in college.

To impose such extensive cuts would force hundreds of thousands of students to alter their college plans drastically or drop out entirely. We are certain this was not the intent of the Subcommittee in stating its assumption, during passage of the FY 86 appropriation bill last December, that no supplemental would be needed.

FY 87 Appropriations

Pell Grants

Our highest priority is to protect Pell Grant awards--the basic foundation for all student assistance--from the erosion of inflation. There has already been a serious decline in the value of the Pell award since the beginning of the program, when the maximum represented 45 percent of average cost of attendance at all institutions (30 percent for students at independent institutions). In Academic Year 87-88, the $2,100 maximum will meet only 29 percent of average costs (18 percent for students at higher-priced institutions).

An increase in Pell Grant benefits is necessary to avoid low-income students dropping out or assuming unreasonable debt. We recommend a $150 million increase from the FY 86 appropriation level to maintain current eligibles in the program and increase individual entitlements by $100 to maintain approximately their current value.

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Increases are needed in the campus-based programs fully as much as in the Pell Grant program. According to data submitted by colleges applying for aid for Academic Year 85-86, over $3 billion more is needed to achieve the statutory goal of covering 75 percent of student expenses through federal grants and family contributions.

Supplemental Grants

We propose a $45 million increase from the FY 86 appropriation level for Supplemental Grants to bring the program to the statutory $440 million required when the Pell maximum exceeds $2,099. This would provide some 80,000 additional awards for undergraduate students with substatantial financial need. An estimated 700,000 are to be made this fall under the FY 86 appropriation. Although the Administration has proposed its elimination, SEOG is especially critical for needy students attending higher-priced public and independent institutions. Ninety-eight percent of SEOG recipients receive other forms of student aid; two-thirds of recpients are from families with incomes under $20,000.

Direct Loans

A $96 million increase from the FY 86 appropriation level for federal capital contributions to Direct Loans would restore the program to its statutory $286 million level required when the Pell maximum exceeds $2,099. This would support an additional 120,000 low-cost loans for needy students in addition to the 240,000 which will be funded by the FY 86 appropriation. NDSL capital contributions are needed by some 2,500 institutions which would otherwise have to cut back on these loans substantially; these institutions report a need for additional NDSL funding in excess of $1 billion.

College Work-Study

We also recommend a $28 million increase from the FY 86 appropriation level for the College Work-Study program. This would provide an additional 40,000 self-help opportunities and bring total funding for the program to $620 million.

State Student Incentive Grants

We recommend level-funding for this state-based program at the FY 86 appropriation level of $76 million to maintain awards at approximately 304,000 including state matching. To eliminate this program as the Administration requests would reduce state as well as federal support for needy students in at least 15 states which rely on the federal share for up to 50 percent of total funding.

Graduate Fellowships

Other important student aid programs are authorized by the graduate fellowship provisions of Title IX of the Higher Education Act. These programs are among the few federal sources of support currently available to strengthen minority participation in graduate education, and the only source of predoctoral support in the humanities. Three years ago, the National Commission on Student Financial Assistance reported that "federal support is indispensable to excellence in graduate education," which is showing "serious signs of distress." We recommend a $5 million increase over the FY 86 appropriation level for the Graduate and Professional Opportunities Program (GPOP) and the National Graduate Fellowships, as well as continued funding for Public Service Fellowships, Assistance for Training in the Legal Profession, and Law School Clinical Experience

Special Programs for the Disadvantaged

We recommend an increase of $20 million to provide current services funding for Upward Bound, Talent Search, Special Services, Educational Opportunity Centers, and staff training grants. These programs are of proven value in encouraging the participation and retention of disadvantaged youth in college. They have suffered some restriction in recent years due to increased costs. The Administration seeks to cut them in half; they should receive an increase to permit wider access to these services.

Categorical Support

The various categorical programs of the Higher Education Act provide assistance for important national purposes. The Administration would eliminate all except Title III grants for developing institutions and the Fund for the Improvement of Postsecondary Education. We insist that support for international studies, research libraries, and cooperative education is needed to strengthen the quality of higher education; we urge their continuation at least at FY 86 levels. As funds become available, we would support increases for these programs, as well as for such currently unfunded programs as college libraries, continuing education, and urban grants.

For the past two years the Subcommittee has provided modest funding for academic facilities grants under Title VII, recognizing the enormous problems of maintaining and updating the infrastructure on the nation's campuses. We urge that this funding be continued and expanded if possible to permit more institutions to participate, and to prevent unwarranted earmarking of funds for individual institutions. In addition, we ask that revolving funds from the College Housing Loan program continue to be made available for new commitments, to avoid discontinuing this important program.

We also support implementation of the Carl Perkins Vocational Education Act, which points in important new directions in Title III Part C (adult training and retraining) and Part E (partnerships with high-tech industry). Funding of these programs would dramatically expand vocational programming in the private sector by leveraging both high-tech partnerships and adult training for real jobs. Such investments would be repaid many times over in added federal revenue and growth of the national skill base.

Senator WEICKER. Thank you very much.

Senator Hatfield?

Senator HATFIELD. Thank you, Mr. Chairman. I don't have any specific questions, because you are fully aware, as well as I, about these shortfalls and the problems that have been created by Gramm-Rudman, and those are things that we will have to try to adjudicate as we go along, not only for fiscal year 1987 but certainly the current year.

I think that those are matters for which we in the Congress have to bear some responsibility, as well as the President—even though Senator Weicker and I did not vote for Gramm-Rudman. I think we have to recognize that we, in this supplemental that we are going to mark up this afternoon and in other ways, we're going to have to try to remedy the ridiculous situation that the Congress has created in part, that you're here trying to salvage. And it is a salvage job on the current fiscal year.

I am persuaded that at some point in our history, we will look back and find that Gramm-Rudman was one of the darkest dimmest periods of modern legislative history, because all it did was to put another layer of procedures upon an existing layer of procedures that have really done nothing but cripple, rather than solve, the problem of the deficit.

Today is a second date. Today is May 15. And the first date was April 15 that Gramm-Rudman set as inviolate, written into law, into concrete, that we would resolve this deficit problem. We missed April 15. There is still no budget resolution in place.

Today is the second date under Gramm-Rudman, and it will come and go. I'm going to make a little tribute to Gramm-Rudman on the floor today as the second date has come and gone without it being implemented.

So really this is a sad situation, and we're trying to unscramble the egg that—we have plenty we can blame the administration for—but today this problem is of our own making in the Congress. So no amount of backpedaling or anything else by Members of Congress can unscramble that egg that they must take the responsibility for having established.

This is not only going to carry a generation-upon-generation impact, but it's going to create, I think, an erosion of the foundation we have built up to this point in public education, higher education, primary and secondary education, handicapped education, all of these areas of education which, by the way, are indivisible. We call them by different labels, but they all interrelate. They are indivisible.

And I just want to say that I'm sorry you had to come back here for this particular mission, but I'm glad you are here. It should cause us some reflection.

Mr. SICURO. Thank you, Senator.

Senator HATFIELD. Thank you, Mr. Chairman.

Senator WEICKER. Very eloquently stated. You know, I can't tell you how many requests I now get as chairman of this subcommittee—would I be amenable to language in the appropriations bill, the supplemental, et cetera, Gramm-Rudman notwithstanding, that *x* number of dollars shall be utilized for this Job Corps center, this cancer research center, et cetera, et cetera, et cetera.

Do you know what my answer is going to be? No; not me. Not me. I'm not going to start that game. Get that law off the books and handle it the way it's always been handled, which is each individual party comes up here for a decision among the many, and we make our decisions item by item.

I think everything the chairman has said is absolutely on the mark. Any way you cut it, there is no avoiding the responsibility of setting priorities and making choices. There is no law in the world and no constitutional amendment that is going to get us out from underneath that obligation.

And I repeat everything I said before. This applies to the American people as much as it does anybody else. I cannot give them an educational system on the cheap, and I'm not going to pretend that I can do it, because I can't.

I thank you for your very eloquent testimony and, Congressman, for your being with us this morning, and I look forward to working with you as we try to help President Sicuro and his colleagues in devising sound education for this Nation.

Thank you very much.

Senator HATFIELD. You honor this committee, Congressman, with your presence here today. We are very grateful.

Mr. SMITH. That's kind of you, sir.

Mr. SICURO. Thank you again.

Senator WEICKER. Thank you.

STATEMENT OF KEITH S. THOMSON, DEAN OF THE GRADUATE SCHOOL, YALE UNIVERSITY, NEW HAVEN, CT, ON BEHALF OF THE ASSOCIATION OF AMERICAN UNIVERSITIES

Senator WEICKER. Next we have Dean Thomson, representing the Association of American Universities. Dean Thomson is dean of the Graduate School of Yale University.

Senator HATFIELD. Where is that?

Senator WEICKER. Well, it sure isn't in Oregon. [Laughter.]

Beyond that, it's a pleasure to have you here before the committee.

Mr. THOMSON. Thank you, Mr. Chairman and members of the committee. I am Keith Thomson. I'm the dean of the Graduate School of Arts and Sciences at Yale University, and I am here to testify on behalf, as you say, of the Association of American Universities, the Association of Graduate Schools, the Council of Graduate Schools, and the National Association of State Universities and Land Grant Colleges.

What I want to talk about is those appropriations that particularly affect graduate education. We feel very strongly that graduate education is essential to all of higher education, because it is the system that supplies all of our future professors, scientists, and scholars.

For the immediate future, graduate education has four very special needs: to attract the best young minds; to maintain adequate facilities, especially scientific laboratories which constantly need updating in the face of technological advancement; support for the Nation's research libraries; and finally the ability to respond effectively to a number of possibly short-run problems, such as the currently desperately serious underrepresentation of blacks, Hispanics, and native Americans in all fields, the shortage of women in the sciences and engineering, and the need for experts in key international areas such as the Middle East.

These, we believe, are national priorities, but they are also areas where the administration's fiscal year 1987 budget would reduce or eliminate funding.

I would start with the National Graduate Fellows Program, Mr. Chairman, because you have taken a great interest in this, for which we are extremely grateful. As you know, this program started with the crop of students who are currently studying this year. The second crop cohort is being selected right now.

The administration's proposal would eliminate this program. We feel that this merit-based, portable fellowship scheme in the arts, humanities, and social sciences is very important indeed, and, in fact, we would request that the appropriation for fiscal year 1987 be increased by an additional $2.5 million.

Again, in title IX, the Graduate and Professional Opportunities Program is the one I just mentioned for minorities and for women in science and engineering. This is slated for complete elimination.

At Yale alone, we have graduated about 60 students in this program at the Ph.D. level, and we have about 20 students currently studying at New Haven. I cannot believe that the problem of minority representation and women in science and engineering has suddenly been solved. We still see the problem at Yale and elsewhere that there are roughly one-half the number of minority students in graduate education, compared with the undergraduate level. We strongly recommend that this program be continued.

Title VII is facilities funding, and that is an important Federal initiative supporting universities' own efforts to upgrade their educational facilities. As an example again, at the moment at Yale, we are trying to renovate a 75-year-old biological laboratory, and the costs are running at roughly $150 to $200 per square foot. That means it is going to cost us over $5 million to renovate one-half of one building.

The administration recommends eliminating this funding. The organizations that I represent feel that the funding should be restored to a level at least equal to that of fiscal year 1985.

Title II, part C is research library funding, and that is funded at $6 million this year, and it's also targeted for elimination. We have used such funds in the past for developing an automated national library data base, and we request—the organization, not the university, I should say—an increase equal to inflation in order to try to keep up with these immense tasks of dealing with both technological change in the future of the libraries and the decay of the holdings that we already have.

And then finally the International Education Program in title VI is again slated for elimination, but we are daily reminded of the need for experts trained in critical foreign areas and languages. At Yale, we have students supported under title VI studying East Asian, Middle Eastern, African, East European, and Latin American language and area studies. We think they are particularly crucial. Continuing funding for this program should be a major national priority.

The Graduate Education Committee is conscious of the strains and pressures on the economy, but we think our requests are both prudent and modest with respect to the need to ensure the quality of graduate education that the Nation will demand for the future.

PREPARED STATEMENT

Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF KEITH S. THOMSON

Mr. Chairman and Members of the Subcommittee, I am Keith S. Thomson, Dean of the Graduate School at Yale University. I want to thank the Chairman and members of the Subcommittee for this opportunity to testify on behalf of the Association of American Universities, the Association of Graduate Schools, the Council of Graduate Schools, and the National Association of State Universities and Land-Grant Colleges. I appear before you to present our views on the FY'87 appropriations for programs authorized by the Higher Education Act. I will focus my remarks on those programs that significantly affect graduate education -- the fellowship programs in Title IX, the facilities programs in Title VII, the international education programs in Title VI, and the research library programs in Title II. I will also briefly note those programs in Title IV that provide important financial support for graduate students.

The Administration has proposed once again to eliminate funding for those programs of particular importance to graduate education, despite the clear nexus between a strong national graduate education enterprise and the frequently stressed goals of a vigorous, internationally competitive economy and a strong national defense. We believe strongly that high quality graduate education programs are essential if the nation is to retain its leadership position in the world, and that the Administration's proposal to eliminate funding for programs important to graduate education will only weaken the ability of the nation's system of higher education to maintain its current, internationally recognized level of quality. We urge the Congress to reject the Administration's request and sustain the following programs.

1. Title IX Fellowships

Title IX of the Higher Education Act authorizes two important graduate programs on which I would like to comment, the National Graduate Fellows Program and the Graduate and Professional Opportunities Program.

The National Graduate Fellows Program awards fellowships to enable top students in the country to pursue graduate study in the arts, humanities, and social sciences. This program has helped to restore a balance in the federal commitment to graduate education by providing a prestigious fellowship to encourage students in these disciplines to pursue the highest quality of education and scholarship. Mr. Chairman, we are most grateful to you and to this Subcommittee for giving solid support to this important new program. With the $2.5 million first provided by Congress in FY'85, 82 exceptionally talented students were awarded 30-month fellowships to pursue graduate study in the arts, humanities, and social sciences at 37 institutions across the country. I am pleased to state that six fellowships were awarded to students who have chosen to study at Yale. Each of these fellows possesses extraordinary ability as well as a demonstrated commitment to his or her field of study. This fellowship award offers these students the opportunity to pursue their studies without interruption, a possibility which is now all too rare in these fields.

In FY'86, Congress again provided $2.5 million for this program, which has been reduced by 4.3% under Gramm-Rudman-Hollings. Thus far, over 1900 applications have been received for approximately 200 twelve-month fellowships which can be awarded for academic year 1986-87. One of the most significant attributes of this program is its authorization of up to four years of fellowship support. Since the selection process for this highly competitive program has been rigorous and the attrition rate is expected to be unusually low, each of the individuals who receive a fellowship with FY'86 funds will be submitting a renewal application. As a result, program funding needs to be increased to $5 million in FY'87 to permit the renewal of fellowships as well as to support new competition for approximately 200 more fellows. I am aware of the intense pressures on Congress to control spending and of the seeming presumptuousness of any request for an increase in program funding. However, the amount needed to carry out this program is small, with a disproportionately positive effect upon future scholarship. I hope that your subcommittee will make it possible to continue to develop this promising new program.

The Graduate and Professional Opportunities Program, or GPOP program, addresses directly the serious underrepresentation of Blacks, Hispanics, and Native Americans in virtually all fields of postbaccalaureate study, as well as the continued underrepresentation of women in science and engineering fields and in the professions. Despite indicators of some progress, the problems of underrepresentation of certain groups in graduate education remains urgent. Minorities comprise 21% of the nation's population, but receive only 11% of doctorate degrees; Black Americans, who account for 12% of the population, receive 4% of Ph.D's. Clearly, both concerns for social justice and practical demands for human capital require attention to this problem.

The GPOP program, which was created by Congress to respond to this need, has been an effective vehicle for encouraging these students to pursue the highest levels of academic achievement. Yale, which was one of the original institutions to receive GPOP funding in 1978, has received funds to enable a total of 58 graduate and professional students to pursue their studies. The Administrations's proposed elimination of the GPOP program would terminate support for approximately 1400 women and minority students presently enrolled in graduate and professional programs. We request that FY'87 support for this program be increased by an amount at least equal to the rate of inflation.

2. Title VII Facilities Funding

One of the most serious problems facing our colleges and universities is the pressing need for funds to renovate existing facilities and to construct new facilities. New teaching and research requirements, technological changes, regulations governing access and safety, in combination with wear and tear on aging buildings create enormous needs for facilities renewal. Colleges and universities cannot generate capital sufficient to meet the demand on their own.

No one source of funds can solve the facilities problem, but the combined efforts of the federal government, state governments, corporations and private philanthropy, and institutions themselves are essential to restore our most important academic facilities. Title VII is the only existing federal grant program authorized to fund general academic facilities renovation and construction. Channeled through a single national competition, such funding can contribute significantly to a joint effort to upgrade our campus facilities. Accordingly, we ask that the Subcommittee provide a level of funding in FY'87 which is equal to the FY'85 support provided for Title VII.

3. Title VI International Education Programs

Since World War II, a large and diverse system of language and area studies programs has grown up on university campuses, spurred by the renewed commitment to an international perspective on world issues and the need for a reservoir of highly trained specialists knowledgeable about other countries and cultures. Since that time, international conditions which gave rise to the need for an increased national capacity in foreign language and area studies have intensified as economic competition from foreign countries has increased sharply, and international tensions have risen. Recent events in the Middle East and Central America illustrate clearly the importance of knowledge and expertise about the language, culture, and customs of our friends and our adversaries. It is essential for the federal government to adequately support education and research which is so closely tied to the effective conduct of foreign affairs and maintenance of national security.

Elimination of funding for Title VI programs would eradicate essential support for 93 National Resource Centers, over 800 graduate fellowships, and programs supporting faculty and doctoral dissertation research abroad, as well as concentrated projects to improve international business practices and undergraduate instruction in language and area studies. We request that Congress provide an increase in funding for these programs sufficient to permit them to operate at their current levels.

4. Title II Research Library Funding

Academic libraries are the cornerstone of university teaching and research, and for most disciplines, library collections remain the primary scholarly tool. The technological changes now underway, which are revolutionizing the processes by which information is catalogued, stored, retrieved, and distributed, will make possible even greater sharing of library resources among scholars on a national and in many cases an international level. These goals, however, place increased demands on the already staggering capital needs of research libraries. Further, in preparing for the future, we cannot afford to neglect the past. We must address the urgent problem of the rapid decay of invaluable and irreplaceable library collections. It is not an exaggeration to say that our intellectual heritage, stored on brittle and crumbling paper, is at risk.

Title II-C funding for research libraries represents a small but critically important component of library support. Since it was first funded in 1978, Title II-C has provided competitively funded grants to libraries for collections development, bibliographic control, and preservation. The competitive nature of the program has assured that these grants are directed toward projects which improve and expand the nation's scholarly resources by strengthening the particular collections of college and university libraries.

Title III, part C, is a program proven to be effective in assisting the nation's research libraries to collect, preserve, and disseminate information. We request that Congress increase the current funding level of $6 million for Part C by an amount equal to the rate of inflation.

5. Title IV Student Aid Programs

Finally, I would like to call your attention to the importance of three programs provided through Title IV to graduate students: College Work-Study, the Guaranteed Student Loan program, and the National Direct Student Loan program. We support the testimony of the American Council on Education with respect to these programs. I would only add that College Work-Study provides effective support for graduate students through work such as teaching and research assistance that is closely related to students' educational objectives.

Mr. Chairman, the funds we have asked Congress to provide for these programs represent a sound and essential investment in graduate education that will benefit the nation far in excess of the dollars expended. Thank you for this opportunity to appear before you today.

Senator WEICKER. Thank you very much.

Do any of the committee have questions?

[No response.]

Senator WEICKER. It seems to me, one thing that I've noticed as we shortchange education, it's only a matter of time before the balloon pops out in various directions. In attempting to cover the great sort of middle ground of education, where the political numbers are, we are now seeing how we're shortchanging both ends of the spectrum, the graduate area and the primary and secondary area, and I think this is what we're seeing.

Mr. THOMSON. Well, what we want to avoid is getting to a sort of hunting situation where suddenly down the pike we find that there is a great shortage of professors to teach the people who will teach the people who will teach the people, and that level has to be maintained as constantly as possible.

And the need for the minority representation for picking up the special problems like shortages of women in science and engineering, which, in principle, ought to be a short run rather than a permanent problem is something that we feel is a national priority, rather than something that can be handled just by universities' own initiatives.

Senator WEICKER. Thank you very much.

Senator HATFIELD. Mr. Chairman, also I'd just like to comment. I think Dean Thomson pointed up another very interesting factor besides personnel and the people that make up the institutions, student and faculty, et cetera, and that is the library.

The infrastructures of these institutions are deteriorating in the sense of maintaining the adequacy not only of libraries, but of preservation of materials, and that has caused me great concern, and as a member of the National Commission on Documents and Publications, we had a study made—we caused a study to be made on the rate of deterioration of library materials, and we—really, it's astounding what those same materials will be, say, even a decade from now, let alone two or three decades, and we are very behind the schedule of where we should be in preservation just of existing resources, not to even consider expansion.

I think that's another part of our whole educational system that should be given greater attention—the infrastructure.

Senator WEICKER. Thank you very much.

Mr. THOMSON. Thank you, Mr. Chairman.

STATEMENT OF MONSIGNOR JOHN J. PETILLO, CHANCELLOR, SETON HALL UNIVERSITY, SOUTH ORANGE, NJ

Senator WEICKER. Our next witness is Monsignor John Petillo, chancellor of Seton Hall University.

Cancellor Petillo, it's nice to have you with us.

Monsignor PETILLO. Thank you, Mr. Chairman. I am Monsignor John Petillo, chancellor of Seton Hall University, and I appreciate the opportunity to participate in these hearings on the fiscal year 1987 higher education appropriations.

Seton Hall is a comprehensive liberal arts institution with 9,200 students, 5,000 of whom are undergraduates. We are located in South Orange, which is approximately 5 miles from Newark, the State's largest urban center, and 20 miles from New York City. Seton Hall is the largest Catholic university and the second largest private institution in New Jersey.

Traditionally, Seton Hall has provided educational opportunities to the children of low- and middle-income families, often the first generation to go to college. More than 65 percent of our students receive some form of financial assistance, and a similar percentage rely on tuition and fees to fund more than 90 percent of our annual budget.

Mr. Chairman, I come to you today primarily on behalf of Seton Hall students and their parents. My message is simple and short. Keep the student aid programs intact.

In fiscal year 1986, the combination of the Gramm-Rudman-Hollings cuts and the increase in the number of students eligible for Pell grants will force 290,000 students out of the program and slash the awards of half a million more. At Seton Hall, the number of Pell grants would be cut by 20 percent, the number of supplemental grants by 16 percent, and the number of college work/study awards by 16 percent.

I urge you to take action on a supplemental appropriation to avoid increasing the already substantial financial burden on students and their families and am pleased to learn that you will be addressing this matter shortly.

For fiscal year 1987, I urge you to fund the levels approved in the Andrews-Weicker amendment to the budget resolution. This would provide a 5.7-percent inflation increase over the 1986 appropriation levels before the application of the Gramm-Rudman-Hollings cuts. In practical terms, this would mean Pell grants for an additional 442,000 students, supplemental grants for an additional 71,000 students, TRIO Program participation for an addition 43,000 students.

These are the programs that most directly affect students' ability to go on to higher education, to exercise some degree of choice in selecting an institution, and to complete their education. And increase at this time is needed to restore some of the purchasing power of the Federal student aid dollar. Since 1980, spending for aid programs like college work/study, supplemental grants, and direct loans dropped 26 to 52 percent in real dollars. Even in the Pell Grant Program where real spending has increased, the maximum award buys far less than it did 6 years ago.

In the 1981–82 academic year, the $1,750 maximum award represented 40 percent of the average cost of attendance at all institutions. By the academic year 1987–88, the $2,100 maximum will meet 34 percent of the average cost and only 18 percent at independent institutions. In New Jersey, the average cost of college education increased from $4,000 to $6,000 between 1980 and 1985, yet the average student aid package increased by only $360.

I also want to point out that, contrary to the impression fostered by some over zealous budget cutters of the well-to-do student living a life of ease on student aid, there are but 3,000 undergraduates in New Jersey receiving Pell grants whose families earn more than $24,000. Most of these have two or more children in college.

Mr. Chairman, another area of vital concern is the longrun prospect for academic facilities. Like many institutions, we are facing a massive renovation program. Most of our facilities are 45 to 50 years old. A conservative estimate of our needs just for renovation and rehabilitation is $20 million over the next 5 years. This figure will probably double over the next 10 years.

For these reasons, I applaud the subcommittee's support for the funding of academic facility grants under title VII in the last 2 fiscal years. These appropriations, though modest, have offered hope to hard-pressed institutions. We appreciate the courage and the foresight shown by the subcommittee in its commitment to the facility needs of higher education and strongly encourage you to maintain this funding and, if possible, even to expand it.

Mr. Chairman, I want to close by expressing my appreciation for the support that you and your colleagues have given to the students, parents, and institutions engaged in higher education. It is clear that the problems and challenges faced by higher education today would be far greater had it not been for you and your unstinting efforts.

Thank you.

PREPARED STATEMENT

Senator WEICKER. Monsignor, thank you very much for your gracious remarks. I appreciate them.

[The statement follows:]

STATEMENT OF MONSIGNOR JOHN J. PETILLO

I am Monsignor John Petillo, Chancellor of Seton Hall University, and I appreciate the opportunity to participate in these hearings on the Fiscal Year 1987 higher education appropriations.

Seton Hall University is a comprehensive liberal arts institution with 9200 students, 5000 of whom are undergraduates. We are located in South Orange, New Jersey, which is approximately five miles from Newark, the state's largest urban center, and twenty miles from New York City. Seton Hall is the largest Catholic University and the second largest private institution in New Jersey.

While there may be no "average" or "typical" college or university, I believe that Seton Hall is representative of many moderate-sized private institutions and the problems they face today. Traditionally, Seton Hall has provided educational opportunities to the children of low and middle income families, often the first generation to go to college. More than 65 percent of our students receive some form of financial assistance and a similar percentage rely on tuition and fees to fund more than 90 percent of our $50 million annual budget.

Mr. Chairman, I come to you today primarily on behalf of Seton Hall's students and their parents. My message is simple and short: keep the student aid programs intact. In Fiscal Year 1986, the combination of the Gramm-Rudman-Hollings cuts and an increase in the number of students eligible for PELL Grants will force 290,000 students out of the program and slash the awards of a half million more.

At Seton Hall, the number of PELL Grants would be cut by 20 percent, the number of supplemental grants by 16 percent, and the number of College Work-Study awards by 16 percent. I urge you to take action on a supplemental appropriation to avoid increasing the already substantial financial burden on students and their families next fall.

For Fiscal 1987, I urge you to fund the levels approved in the Andrews-Hollings Amendment to the budget resolution, which I know you strongly supported, Mr. Chairman. This would provide a 5.7 percent inflation increase over the 1986 appropriation levels before the application of the Gramm-Rudman-Hollings cuts. In practical terms, this would mean:

- o PELL Grants for an additional 442,800 students.
- o Supplemental Grants for an additional 71,800 students.
- o College Work-Study opportunities for an additional 77,300 students.
- o Direct Student Loans for an additional 22,750 students.

o TRIO program participation for an additional 43,500 students.

These are the programs that most directly affect students' ability to go on to higher education, to exercise some degree of choice in selecting an institution, and to complete their education.

An increase at this time is needed to restore some of the purchasing power of the federal student aid dollar. Since 1980, spending for aid programs like College Work-Study, Supplemental Grants, and Direct Loans dropped 26 to 52 percent in real dollars. Even in the PELL Grant program, where real spending has increased, the maximum award buys far less than it did six years ago.

In the 1981-82 academic year, the $1,750 maximum award represented 40 percent of the average cost of attendance at all institutions (but only 25 percent of the cost of attending independent institutions like Seton Hall). By the academic year 1987-88, the $2,100 maximum will meet 34 percent of the average cost, and only 18 percent at independent institutions.

In New Jersey, the average cost of a college education increased from $4,000 to $6,000 between 1980 and 1985, yet the average student aid package increased by only $360. I also want to point out that, contrary to the impression -- fostered by some overzealous budget cutters -- of well-to-do students living a life of ease on student aid, there are but 3,000 undergraduates in New Jersey receiving PELL Grants whose families earn more than $24,000. Most of these have two or more children in college.

Mr. Chairman, another area of vital concern is the long-run prospect for academic facilities. Like many institutions, we are facing a massive renovation program. Most of our facilities are 45 to 50 years old. A conservative estimate of our needs just for renovation and rehabilitation is $20 million over the next five years. This figure will probably double over the next ten years.

In recent years we have raised $7 million for facilities construction and renovation, and we have used the bonding authority of the State of New Jersey to the fullest extent possible. We are still a very long way from meeting our immediate needs, let alone our long-term goals. Our situation is not unique. Ten years ago it was estimated that 20 percent of the nation's higher education facilities were in need of replacement, translating into $40 to $50 billion in 1982 dollars. Judging by our experience at Seton Hall, the situation is probably worse rather than better today.

And, as if raising this kind of money were not a sufficiently staggering task, higher education is now faced with tax proposals that threaten our already limited fund raising ability: elimination or radical curtailment of the tax deduction for charitable giving and sharply reduced access to the tax exempt bond market.

For these reasons I applaud the Subcommittee's support for funding of academic facilities grants under Title VII in the last two fiscal years. These appropriations, though modest, have offered hope to hard-pressed institutions. We appreciate the courage and foresight shown by the Subcommittee in its commitment to the facilities needs of higher education and strongly encourage you to maintain this funding and, if possible, expand it.

Mr. Chairman, I want to close by expressing my appreciation for the support you and your colleagues have given to the students, parents and institutions engaged in higher education. It is clear that the problems and challenges faced by higher education today would be far greater had it not been for your unstinting efforts.

STATEMENT OF MYRON B. THOMPSON, TRUSTEE, KAMEHAMEHA SCHOOLS, BISHOP ESTATE, HI

Senator WEICKER. At this time, Senator Inouye will be chairing the subcommittee hearings, but before I leave, I would like to indulge myself in a prerogative by having Myron Thompson, trustee of the Kamehameha schools, testify at this point in the hearings.

I didn't want to leave you alone to the tender mercies of Senator Inouye. That's why I'm sitting here, to make sure that everything's OK. [Laughter.]

Mr. THOMPSON. Thank you, Senator Weicker and Senator Inouye.

My name is Myron Thompson, and I would like to briefly summarize the contents of my lengthy statement that I've submitted to your committee, so that you will not need to utilize your Hawaiian gavel there to cut me short.

Mr. Chairman, I am here for three reasons: first, to thank you for your committee's continuing support of the Hawaiians and again for allowing me to testify.

Second, I want to share information on the excellent progress of the early childhood demonstration project jointly funded by Congress and the Kamehameha schools.

And third, I wish to discuss the current plans for these programs.

Let me start with the programs of the demonstration project, which came about as a result of our discussions in Hawaii in January 1984. This project has shown that it is possible to effectively coalesce the efforts of existing services in order to meet the objectives outlined in our grant proposals to the Department of Health and Human Services. Therefore, as part of the project, we now are planning the modification of an existing State program for developmentally delayed and at-risk children. It will become a comprehensive family-based education center.

In addition, we now have more definitive data on population growth, family size, biological handicaps, and utilization of health, education, and social services in selected communities by the Hawaiians.

As to our third point, given the progress of the demonstration project, we are now in a position to install 11 of these family-based education centers in Hawaiian communities of need. These plans can become a reality within 5 years through a partnership of private and public moneys. We conservatively estimate that together we will serve almost 35 percent of the children most in need.

These centers will be a powerful preventive mechanism, alerting families to services, discovering handicapping conditions, catching problems that affect achievement and good health.

In February of this year, Mr. Chairman, you noted that providing education services for the handicapped is a long-term investment in the Nation's future. Our project utilizes this philosophy.

These centers can be cost effective. A General Accounting Office report in 1979 indicated, and I quote:

> Earlier childhood and family development programs for low-income families are needed. They can result in reduced health, social, and educational problems in young children that are expensive and difficult to overcome in the future.

In order to install the 11 centers, our proposal calls for the following cost ratios: the Kamehameha schools, 40 percent; State, local, and community agencies, 40 percent; Federal contributions, 20 percent. The Federal appropriations needed for the 5-year period of this program is $5 million at approximately $1 million per year. Capital costs will be absorbed by the State and local agencies, and the Kamehameha schools will absorb 40 percent for training and auxiliary services. The total 5-year cost is $26 million.

Mr. Chairman and members of the committee, these family-based education centers are certainly needed for native Hawaiians. I believe they can significantly assist our efforts to have our group reach parity with the majority of their peers in this Nation.

PREPARED STATEMENT

Mr. Chairman and Senator Inouye, thank you for this opportunity.
[The statement follows:]

STATEMENT OF MYRON B. THOMPSON

Good Afternoon, Chairman Weicker and members of your committee. My name is Myron Thompson. As a trustee of Kamehameha Schools/Bishop Estate, I would like to thank you for your continuing support of the people of Hawaii, specifically Native Hawaiians, and for once again allowing me this opportunity to testify before your committee.

Mr. Chairman, I am pleased to report excellent progress on the programs for young Native Hawaiian children and their families that are jointly funded by appropriations provided by your committee and the Kamehameha Schools/Bishop Estate.

HIGHLIGHTS OF OUR PROGRESS ARE AS FOLLOWS:

. Our age 0 - 2 parent-infant program, Kupulani, serving some fifty families on the windward coast of Oahu is operating well. In addition, we expect existing funds provided by your committee through the Maternal Child Health Branch of the Department of Health and Human Services will allow us to start a new cooperative program for delivery of services on the leeward Waianae coast. An existing State program for developmentally delayed and at-risk children will be expanded. It will provide a center-based program (currently it is home-based only) with broader capabilities. This program will become one of many comprehensive Family Based Education Centers for children. The centers will have several components and bring together many existing services in a cohesive effort to address risk factors for young children and their families. It is intended that through these centers, both the 0-2 and 3-5 age groups will be served. We are pleased with this partnership forming in Waianae and it is expected to work well. Expansion plans are underway, affecting the entire state. Following this progress report, I will clarify further.

. Our own demonstration parent-child/pre-school center opened its second class for four year olds on campus this year. The center will also be a comprehensive Family Based Education Center. With the new class on campus, we are now serving 120 at-risk children in the 3 -5 age group in five communities on three islands. Having two classes in the demonstration setting has allowed us to develop curriculum for these very young children and families. We also are able to test out interagency collaborative efforts in providing coordinated services for both 0-2 and 3-5 at-risk youngsters and their families.

. Related to this we successfully hosted a statewide conference of 80 representatives from over 30 agencies to better plan the coordination of the educational, health and social services available to at-risk families. It has been clear that due to the lack of coordination, many families have been confused and frightened in the process of obtaining services and therefore the services are underutilized. The conference was a first in Hawaii and well received. Momentum from the specialized task forces formed there is strong. Again, we are most pleased to report that partnerships and collaborative efforts are most productive. Ownership of the resulting proposed programs and activities is strong and positive.

. An assessment of existing resources and felt needs of the age 0-5 Hawaiian population statewide is in final draft form. We now have data of population growth, family size, biological handicaps, and service utilization of health, educational and social agencies in selected communities.

SUMMARY OF PROGRESS

In summary, Senators, progress has been excellent; the goals we set out to reach as outlined in our initial grant proposals for the funds provided by this committee are being met.

We have made every effort to ensure careful development, with full participation of all concerned. Thus, we have moved methodically but not as rapidly as projected.

PROPOSED PLANS

We are now ready to move ahead with long term expansion plans; plans to begin installation of eleven Family Based Education Centers over the next five years. These plans are expected to come about through a partnership of private and public monies.

We will begin with the 0 - 2 parent/infant programs. This is the most exciting component of our joint effort. Initial efforts already begun on the Waianae Coast of the island of Oahu will be increased. Located there is the highest density of Hawaiian families in this age range. The educational achievement is among the poorest in the state and the risk indicators for pregnancy and infants are among the highest in the state. All of the data from the Needs Assessment suggest that Waianae is most in need of programs in the State.

The plans calls for the opening of three 0 - 2 centers during year one, three in year three, two in year four and three in year five for a total of 11 after five years. At year 5 we expect to have centers on every major island and in very major Native Hawaiian community. We conservatively estimate that service to families will rise to a total of 700 families annually by year five. Using a ratio that 2.2 children under the age of 3 are directly affected for every family served, at least 1540 children under age three will be affected. This results in annual service to at least 35% of the most in need Native Hawaiian children under age 3.

We have reason to believe, in fact, that more than 50% of the at-risk native Hawaiian children and many non-Hawaiians under age 3 will be impacted. This is the result of two conditions. A "diffusion effect" is expected to increase the numbers positively impacted by the programs. This effect occurs because members of the extended family - sisters, aunts, neighboring teenage girls - will be privy to some of the beneficial information received by directly served clients. Furthermore, because priority for service is provided to new mothers, we know that there will be mothers who are in their 2nd or 3rd pregnancy who will still be utilizing the knowledge gained from initial participation in the programs.

The centers will have a strong educational core but will provide for a variety of health and social services for the families. We feel that these centers will be powerful preventive mechanisms; alerting families to physical problems, directing families to needed services, discovering potential handicapping conditions - countless opportunities catch problems early that affect achievement and general well-being will be provided by these centers.

We want the centers to positively impact the quality of life for these at-risk children, now and for coming generations. You know, Senator Weicker, how I feel about prevention. I think we both agree about its unquestionable cost-effectiveness for society and improvement of life for the individual.

Allow me to divert for a moment and share how effective the prevention of problems early is already evident in our center.

As part of the coordination of services, we arranged for the local children's medical center to provide comprehensive hearing screening for 100 of our pre-school children. This screening would not normally be received by all children. Forty-seven percent failed the test. Statistical analysis (provided by center evaluation and research staff) revealed that the hearing loss significantly impacted performance on achievement. Our staff assisted families in following up on the hearing conditions of the children through coordination and liaison activities. We can expect better achievement results in the future. The bottom line is that medical conditions of this nature clearly affect children's ability to fully profit from their educational experiences. Services provided by a comprehensive Family Based Education Center can help identify conditions early so that appropriate action may be taken in order to improve the educational futures of children.

PARTNERSHIP COSTS

Let us return to our partnership proposal. The partnership we are suggesting would include the following:

I. Federal

20% for direct service operation costs

II. City/State

40% predominately for facilities and agency services

III. Kamehameha Schools/Bishop Estate

40% for staff training, curriculum development, liaison services, evaluation, data collection and research.

Appropriations needed from your committee is $5,000,000 for the five year period, at approximately $1,000,000 a year. Your funding is to be focused on age 0 - 2 although our plans include service to age 5. We estimate that if capital costs are needed for all eleven centers for ages 0 - 5, then the cumulative outlay over the five year period would be in excess of $26,000,000. Thus your contribution accounts for a little less than 20% of overall costs.

CONCLUSION

Mr. Chairmen and members of the committee. These Family Based Education Centers will be a tremendous assistance to Native Hawaiians as they continue in their efforts to achieve parity with other groups in the state and the nation. Your support of the centers is very important to the effort. I am excited about the prospects of this partnership. We at the Kamehameha Schools/Bishop Estate have been encouraged by your continuing participation and are motivated to dedicate ourselves to being active partners with federal and state efforts on behalf of Hawaiians.

Thank you again for this opportunity.

Senator WEICKER. What is the age of the children that attend these centers?

Mr. THOMPSON. Zero to five.

Senator WEICKER. Zero to five. And what makes them unique? What makes them unique?

Mr. THOMPSON. They have handicapping conditions. A lot of these youngsters are being born by young teenaged mothers, and aside from that condition, they are coming in with a great deal of other medical handicapping conditions that affect their learning abilities. We are seeing—we're getting a lot more definitive data from the health point of view, but there is a direct connection with learning—their learning abilities.

Senator WEICKER. What numbers are we talking about here?

Mr. THOMPSON. We're talking about 2,200 youngsters per year and at full speed we would serve 15,400 children over a 5-year period.

Senator WEICKER. Senator Inouye?

Senator INOUYE. If I may, Mr. Chairman, add to your inquiry, the highest incidence of diabetes in the State of Hawaii is found among the native Hawaiian population. The highest incidence of high school dropouts is among the Hawaiians. The lowest per capita income of any major ethnic group is the Hawaiians. The highest proportion of residents of prisons are the Hawaiians. The highest incidence of all types of cancer in the State of Hawaii are the Hawaiians. The highest incidence of hypertension is found among the Hawaiians.

To say that the health problems of the Hawaiians are unique would be an understatement, sir, and I would like to commend Mr. Thompson and the Kamehameha schools for taking the initiative and coming forth with a program of this nature. And the request that he is submitting for Federal contribution, I think, is a very reasonable one, and I hope that this subcommittee can support his request.

The Hawaiians over the years have suffered gravely. Historically, it might interest you that at the time of the coming of the Westerners to our shores, there is no evidence of any incidence of schizophrenia or paranoia, and there were no venereal diseases of any sort. But soon after the coming of the white man—some sailor had influenza, but we who have been conditioned by Western conditions have been able to knock off influenza oftentimes within 24 hours, but in the case of Hawaiians, it was a deadly epidemic, and before the dust settled, over one-half the population was dead.

And so the problems obviously cannot be resolved with $26 million, but it is a good first step.

Senator WEICKER. Well, the Chair agrees and we will do everything we can to make it come to pass. Thank you, very much.

Mr. THOMPSON. Thank you.

STATEMENT OF FLERIDA NEGRON, NATIONAL PELL GRANT COALITION

Senator WEICKER. The next witness will be Flerida Negron, representing the National Pell Grant Coalition.

Ms. NEGRON. Mr. Chairman and members of the subcommittee, my name is Flerida Negron. I'm a student at Hostos Community College in New York City, which is part of the City University of New York. I am chairperson of the City University Student Senate and a full voting trustee of the City University, representing 180,000 students at our 20 colleges.

This morning I am pleased to testify on the National Pell Grant Coalition, which is chaired by the City University Chancellor, Joseph Murphy. The Pell Grant Coalition is a group of 26 national education, labor, student, and civil rights organizations which support all Federal student aid programs but share a conviction that the Pell Grant Program is especially important and deserves priority attention from the Congress.

Pell grants are special because they are targeted to the very neediest students, the students who would not be able to consider any kind of education past high school without Federal help. About two-thirds of them have family incomes below $12,000. About three-quarters have family incomes below $15,000. In the program's 13 year history, over 30 million Pell grants have been awarded to millions of students who have gone on to become productive in every conceivable profession.

In order to play this role, the Pell grant benefit level obviously has to be high enough to provide genuine access to college. But since the end of the 1970's, the purchasing power of the Pell grant has slipped significantly. For example, the maximum grant covered nearly one-half of average college costs in 1970, but covers less than one-third of college costs today. Thanks to the leadership of you and the subcommittee, Mr. Chairman, this trend was arrested 2 years ago when you increased the maximum Pell grant benefit. However, if Congress doesn't act again now, a new and very serious round of retrenchments is set to go into effect.

The first retrenchment will take place in as little as 4 months. Because of the initial Gramm-Rudman-Hollings cutback and a substantial miscalculation by the Education Department, there is a $370 million gap between the funds needed for Pell grants next term and the money currently appropriated. If awards are reduced in the legally mandated way to accommodate this shortfall, about 300,000 students will lose all of their grants and another one-half million students will lose part of their grants. If instead of this, Congress cut everyone's grants by a certain amount to accommodate this shortfall, almost 3 million students—including the most grindingly poor—would be affected.

Either of these outcomes is unacceptable, Mr. Chairman. It is essential that Congress find a way to make an additional $370 million available for grants before September. Either through a supplemental appropriations borrowing authority or some combination of the two, the Pell Grant Coalition urges you to take action to close the benefit gap, prevent massive cutbacks and thereby keep faith with the grant level that was promised last December.

Looking ahead to the following academic year, an even more serious retrenchment would occur under the administration's budget or the Gramm-Rudman-Hollings sequestration. We hope you and your colleagues will reject this approach and instead provide an increase in benefits in line with the education figures now found in both the Senate and House budget resolutions.

PREPARED STATEMENT

Mr. Chairman, this subcommittee can take justifiable pride in having given priority attention to Pell grants in this year of budgetary stringency. Today we are simply asking that the program not be allowed to slide backward again, because it is the most important embodiment of our national commitment to equal opportunity in higher education. Thank you for your consideration.

[The statement follows:]

STATEMENT OF FLERIDA NEGRON

My name is Flerida Negron. I am a student at Hostos Community College in New York City, which is part of the City University of New York. I am chairperson of the City University Student Senate and a full voting trustee of the University, representing 180,000 students at our twenty colleges.

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Senator INOUYE [presiding]. Thank you very much.

In response to your concern and that of your coalition, I am pleased to tell you that the chairman of this subcommittee, Senator Weicker, this afternoon at 2 p.m., at our full committee markup on the supplemental, will be submitting an amendment to add $146 million to the Pell grants.

I realize that this is not a full offset, but we hope that at this stage it will serve to bring to a halt the effects of Gramm-Rudman. With this amount, we would just about maintain status quo, but I hope that this would—in some way—alleviate some of your concerns.

Are you a recipient of a Pell grant?

Ms. NEGRON. Yes; I am.

Senator INOUYE. Has it helped you?

Ms. NEGRON. Oh, yes. A lot. And not only me, to all the students that are receiving this. It's of great help.

Senator INOUYE. In your university, the Hostos College, what percentage are recipients of Pell grants?

Ms. NEGRON. I may say that 100 percent. It's one of the poorest colleges that we have in the system.

Senator INOUYE. And are they all students from that area?

Ms. NEGRON. Most of them.

Senator INOUYE. Listening to your accent, are you from some other country?

Ms. NEGRON. Yes; I am Hispanic. I am from the Dominican Republic.

Senator INOUYE. Dominican Republic. And it is your contention that without this Pell grant, you would not have gone beyond high school?

Ms. NEGRON. Oh, yes. You bet.

Senator INOUYE. Would that be the same for most of your student friends?

Ms. NEGRON. Yes; my friends.

Senator INOUYE. Well, I can assure you that I will do my best.

Ms. NEGRON. Thank you very much.

STATEMENT OF REV. WILLIAM L. GEORGE, S.J., ASSISTANT TO THE PRESIDENT, GEORGETOWN UNIVERSITY

Senator INOUYE. Our next witness is the Rev. Father William L. George, assistant to the president of Georgetown University.

Reverend GEORGE. Good morning Mr. Chairman, Senator Inouye, members of the committee.

I am Father George, assistant to the president of Georgetown, and I would like to ask the committee if they would again consider college housing. It's my annual plea to save the program. I'd ask the committee if it could keep the program at the same level as was agreed to last year, as both authorizing committees, both in the Senate and the House, have renewed the authority for the program in their bills.

I'd also ask the committee if it could add language to insure that if the sale that the administration has requested for notes, for college housing notes, up to about $1 billion this year—if that has to happen, that the colleges be given the first option at the same rates or better than they would have offered it to the banks or the public because the program was first intended for the colleges and the universities.

There's a real possibility that that could occur, but I'd like to ask that if that does occur, the committee permit that to be the priority. And then if they are sold, if they could assure that the sale returns to the fund, the revolving fund, because that would perhaps be necessary if it was to be kept at the same level as last year.

And that's what I'm asking you to do, if possible.

PREPARED STATEMENTS

Thank you, Mr. Chairman, on behalf of our president.

Senator INOUYE. Thank you. We will include your statement and that of Reverend Bradley in the record at this point.

[The statements follow:]

STATEMENT OF REV. WILLIAM L. GEORGE, S.J.

Mr. Chairman and Members of the Committee, I am Father William L. George, S.J., Assistant to the President of Georgetown University. Thank you for the opportunity to testify on a matter of great importance to Higher Education.

I would like to urge the Committee to resist the Administration's proposal to sell the College Housing Loan portfolio. Likewise, I would urge the Committee to release funds for additional loans as authorized in the House and Senate Education Bills.

The House Education Act (H.R. 3700) reauthorizies the College Housing Loan program, allowing for the renovation of academic facilities. These funds would be available at a 5.5% long-term rate. There are numerous compelling reasons to support this update to the College Housing Loan program. Today I would like to mention just three.

First, selling the College Housing Loan portfolio will cheat the Government out of the real value of these assets. This program requires no budget authority and no direct appropriations; new loans are made with funds from payment from previous loans. A portfolio of 3% loans payable over thirty years is not an attractive investment. The portfolio will only be sold at a tremendous discount -- probably less than half of the total outstanding loan value of $2.3 billion. As a result, no new loans will be made in the future because repayment income from existing loans would belong to the purchaser of the portfolio. By selling the portfolio, the Government would be trading slim current earnings for tremendous long-term benefits to the needs of higher education.

Secondly, there is a tremendous need for money for academic facilities renovation. Over 50% of higher educations physical plant was built before 1960. In recent decades decreasing federal assistance for student aid has shifted that financial responsibility increasingly to education institutions. In addition, the demands of inflation, energy costs, and staff salaries have resulted in the deferral of the upkeep and repair of academic facilities. Current estimates for the cost of facilities and equipment renewal and replacement for all of higher education range up to $50 billion.

Without Federal participation in financing academic facility renovation, it is often difficult or impossible for schools to find loans for academic facilities that depend on tuition charges. While dorms have direct expected revenue from rent and can be used even if the loan is in default, a classroom has very little attraction as collateral for a bank. Our country's excellent higher education systems relies on having physical facilities conducive to intellectual and academic endeavor.

Thirdly, Federal loans in the College Housing Loan program have acted as "seed money," stimulating almost five private dollars for every dollar the Federal Government lends. In 1985, $30 million of Federal loans for college housing resulted in projects with a total cost of over $160 million. (See Attachment) Many of these projects would not have taken place without the impetus of the Federal loans. Naturally, the economy in general, and particularly employment, benefit from this.

The College Housing Loan program is a quality program that has always been shared by public and private colleges, and that has benefited colleges and universities all over the country. The

Authorization committees' bills allow the program to now address the problem of the nation's academic facility infrastructure.

On behalf of our President, Rev. Timothy S. Healy, S.J., we urge the Committee to support the College Housing Loan program. Thank you for this opportunity to testify.

COLLEGE HOUSING PROGRAM

COLLEGE HOUSING LOAN AMOUNT	TOTAL PROJECT COST
1981 - $57,083,000	$ 70,626,393
1982 - 30,043,000	43,972,724
1983 - 29,978,000	50,602,221
1984 - 30,000,000	68,348,067
1985 - 30,413,000	160,803,265
TOTALS - $177,517,000	$394,352,670

STATEMENT OF REV. HAROLD BRADLEY, S.J., SPECIAL ASSISTANT TO THE PRESIDENT, GEORGETOWN UNIVERSITY

During calendar year 1985, Georgetown University's Center for Immigration Policy and Refugee Assistance (CIPRA) completed the first phase of the National Leadership Training Program (NLTP) which was funded by an initial grant of $75,000 from the Office of Refugee Resettlement of the Department of Health and Human Resources. The purpose of the program is to identify problems shared by administrators of the refugee resettlement and assistance program at the federal, state, and community levels; to bring together the administrators of the program so that these problems can be addressed in a cooperative and coordinated way; and to provide leadership training and technical assistance to those through whose efforts refugees are integrated into American society.

Three regional training sessions were followed by a three-day training session in November. the theme of which was "Refugees, Programs, Communities:

Paths to Autonomy." Sessions were devoted to improving leadership skills required by key state and private agency personnel to manage people and programs effectively. Areas of concentration were employment programs, ESL/language training, case management systems, development of mutual assistance associations; crisis management planning; and resource development. Attendees included state refugee coordinators and other state officials; representatives of mutual assistance associations and voluntary agencies and representatives of the Office of Refugee Resettlement.

Not only is there a continuing need for training in leadership and technical skills at the state coordinator level, there is a parallel need for concentrated efforts within the most severely impacted areas, for example, California and Oregon. CIPRA has earlier testified about the desirability of scheduling regional seminars for elected and appointed state and local officials where information and ideas could be exchanged, and solutions for problems currently confronting administrators and legislators can be sought. Such seminars should include representatives of mutual assistance associations and service providers as well. We estimate that funding of $100,000 will be needed to schedule five such regional seminars.

Senator INOUYE. As we have in the past, Father, we will do our best, sir.

Reverend GEORGE. You've done well so far.

Senator INOUYE. Just say an extra prayer for us.

STATEMENT OF WILL BONDS, NATIONAL COUNCIL OF EDUCATIONAL OPPORTUNITY ASSOCIATIONS

Senator INOUYE. Our next witness is the chairman of the board of directors of the Connecticut Talent Assistance Cooperative [CONNTAC] representing the National Council of Educational Opportunity Associations [NCEOA], Mr. Will Bonds. Welcome sir.

As you will notice, we are just about decimated here, but I would like to announce that at this time, the four subcommittees of the Appropriations Committee are meeting and this is my third one. Our chairman has to go to the other two, so we are playing hopscotch and musical chairs here. But this is not to indicate that we are not concerned about education. Let me assure you that this subcommittee is intensely interested and concerned.

And I think our demonstration of this shows up every year when the bottom line is drawn up. Please proceed.

Mr. BONDS. And I agree with your comments, in terms of the bottom line of this subcommittee. By no way do I take it as a reflection of the concern of the subcommittee, because of the number of people who are in attendance this morning.

My name, as you mentioned before, is Will Bonds, and I am the chairman of the board of directors of CONNTAC. CONNTAC stands for Connecticut Talent Assistance Cooperative. It operates an EOC Program, which is called the Education Opportunity Center Program, located in six cities in Connecticut. The main office is in Middleton on Wesley University's campus. We have another site in Hartford, CT, in Greater Hartford Community College and another site in Waterbury at Manitoke Community College, and another site in New Haven at South Central Community College. We also have a site in Bridgeport, at Housatonic Community College. And the last site in Norwalk at Norwalk Community College.

I'm here to testify on behalf of the National Council of Educational Opportunity Associations. I am very honored today to speak to the need for funding for the educational opportunity programs, referred to as TRIO programs, Upward Bound, Special Services, Talent Search, and Educational Opportunity Center.

NCEOA is requesting $187 million for the TRIO programs in fiscal year 1987, which would restore the 4.3-percent cut by Gramm-Rudman and adjust for inflation and add 1 percent for restoration.

I am well acquainted with the subcommittee's staunch support of equal education opportunities for the poor, the handicapped, and others. Your support is needed even more when students with families with incomes below $12,000 are only one-half as likely to attend college as those from higher incomes. And when they do enroll, too few attain a 4-year college degree.

Despite these facts, TRIO programs have effectively enhanced the efforts of students enrolled to achieve their educational objectives. These accomplishments are extraordinary when you take into consideration that over the past 6 years, over 100,000 students have been eliminated from these programs and the funds have dipped by 36 percent. This year 23 Upward Bound programs will be eliminated. Nevertheless, programs like CONNTAC EOC has served 25 clients at a cost per client less than $80.

While we appreciate the efforts of the subcommittee and realize it is very difficult in terms of trying to extract additional funds for programs, my main purpose in being here today is to represent the hope of these programs to the clients that we served. I have a caption in my office with a picture of two young persons rather tired with a look on their face, in terms of needing direction. The caption states "Who really cares?" And I know that the subcommittee cares and I know that CONNTAC cares, in terms of clients that it has served.

And I am only here today to reinforce our commitment in assisting you in any way that we can, CONNTAC, NCEOA, in trying to convert others in terms of the need to have these programs properly funded, so that we can provide educational opportunities to all Americans.

Thank you.

PREPARED STATEMENT

Senator INOUYE. Thank you very much. I appreciate your statement. And your full statement will be made a part of the record.

As you know, we are presently involved in a very important debate in the struggle to determine priorities. The chairman of this subcommittee is one of the leaders in this value, to suggest to the Nation and to the Congress that although military strength may be important, intellectual, physical, and moral strength is equally—if not more—important.

And on that basis, I have joined him as one of his spear bearers. I will do my best.

Mr. BONDS. Thank you.

[The statement follows:]

STATEMENT OF WILL BONDS

Mr. Chairman, Members of the Subcommittee, my name is Will Bonds and I am Chairman of the Board of Directors of the Connecticut Talent Assistance Cooperative which sponsors an Educational Opportunity Center in Middletown, Connecticut. I am testifying today on behalf of the National Council of Educational Opportunity Associations. I very much appreciate the opportunity to come before you today to discuss the need for funding for the Special Programs for Students from Disadvantaged Backgrounds, the TRIO Programs, in FY 1987. The NCEOA is requesting $187 million for the TRIO programs in FY 1987. This will restore the 4.3% cut by Gramm-Rudman, adjust for inflation and add 1% for restoration.

THE DECLINE IN EQUAL EDUCATIONAL OPPORTUNITY

I am well aware of this Subcommittee's strong stance in support of a federal role in education, particularly when that role is to protect and advance opportunities for the most disadvantaged -- the poor, the handicapped, those from minority backgrounds. Yet, not surprisingly, in the past ten years, with declines in absolute support for higher education from the Federal Government, the percentage of poor[1] and minority[2] youth attending college is declining. So also is the percentage of federal student assistance going to the most disadvantaged.[3]

Today Blacks make up 13% of the 18 to 24 year old population but only 6.2% of baccalaureate recipients. Hispanics make up 7.3% of the college age population, but only 2.3% of baccalaureate recipients. Students from families with incomes below $12,000 are only half as likely to attend college as those from more affluent backgrounds.

[1] John Lee, "Changes in College Participation Rates and Student Financial Assistance, 1969, 1974, 1981. "Applied Systems Institute, Inc. Washington, D.C. 1984.

[2] Reginald Wilson and Susan Melendez, "Third Annual Status Report on Minorities in Higher Education." American Council on Education, Washington, D. C. 1984.

[3] Donald A. Gillespie and Nancy Carlson. "Trends in Student Aid: 1963 to 1983." The College Board, Washington. D.C. 1983.

The reasons for this decline are many, not the least of which is the erosion in purchasing power of federal student aid. Another area which accounts for this decline, however, and one to which I will direct my comments today, is the lack of information about aid as well as incorrect information widely circulated about what is actually available.

THE INFORMATION GAP

Information on student aid often does not reach the inner cities and rural communities with large numbers of students from disadvantaged families. These are the areas where available counselors are least able to pay individualized attention to placing students in college, since they are often caught up in disciplinary actions or other emergencies, or because no college counselors at all are on staff. As a result, many disadvantaged youth and adults, whose decisions to attend postsecondary programs usually directly hinge on concerns about finance and support, do not realize that they are eligible for a wide variety of financial aid programs.[4] Surveys conducted indicate that students from low-income families are generally the least well informed about student aid. Among families of high school seniors with incomes below $10,000, only two in five had talked with someone, or read about financial assistance.[5]

THE PLACE OF THE TRIO PROGRAMS IS CLOSING THE INFORMATION GAP

The Educational Opportunity Center in Connecticut is a good example of how TRIO programs can assist in filling this information gap. The CONNTAC EOC serves 2500 clients each year in sites in six cities: Middletown, Hartford, Waterbury, New Haven, Bridgeport and Norwalk. Our cost per client is less than $80. Of the 2500 clients served last year, at least 500 went on to college. Our services are provided both in one-to-one counseling sessions and through group presentations. They are designed to make people aware of college opportunities and assist them in completing the necessary admissions and financial aid forms.

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[4] National Student Aid Coalition, "Closing the Information Gap, Ways to Improve Student Awareness of Financial Aid Opportunities." Washington, 1985.

[5] "High School and Beyond: A National Longtitudinal Study for the 1980's." Chicago: National Opinion Research Center, 1980.

Information or assistance made available at the right juncture in a person's life is often critical in assisting individuals in making maximum use of federal student assistance in order to build better lives for themselves and their families. The 37 Educational Opportunity Centers and the 175 Talent Search projects are a principal source of that information and assistance.

UPWARD BOUND AND SPECIAL SERVICES

In addition to lack of information, other barriers make it difficult or impossible for low-income, and physically handicapped students to enroll in and complete college. Upward Bound and Special Services projects provide the sustained academic and counseling services necessary to address barriers such as academic skills, lack of self confidence, and lack of familiarity with institutional procedures and expectations.

This year 421 Upward Bound projects are serving 31,000 disadvantaged high school students at an average cost of $2300. These projects provide intensive academic instruction during summer residential programs as well as supplemental tutoring, instruction and counseling services during the academic year. A study completed of these programs by Research Triangle Institute found that five years after high school graduation Upward Bound students were four times as likely to have graduated from college as similar students not enrolled in one of these projects.[6]

The 658 Special Services projects, on the other hand, assist 129,000 disadvantaged students already in college. Of this group, approximately 10% are physically handicapped, while 90% qualify by virtue of low-income or because they are in the first generation in their family to attend college. Special Services projects provide a variety of services from specialized academic advising, to tutoring, to remedial courses. A Systems Development Corporation study of Special Services completed for the Department of Education found that disadvantaged and handicapped students who received these services were more than twice as likely to complete their freshman year as students without benefit of these services.[7]

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[6] Graham Burkheimer John A. Riccobono, and Joseph M. Wisebaker, "Evaluation Study of the Upward Bound Program:" A Second Follow-Up, (Research Triangle Park, NC: Research TRaingle Institute, 1979).

REVERSING THE DECLINE IN EQUAL EDUCATIONAL OPPORTUNITY

Members of the Subcommittee, I am well aware that you have already demonstrated strong support for the TRIO programs. Nevertheless, despite your support, over the past six years the TRIO programs have suffered a very serious and marked decline. Over one hundred thousand students have been eliminated from these programs. Over this period, the effective dollars available to TRIO students have dropped 36%. This year alone, 23 of the presently funded Upward Bound programs will be eliminated.

The National Council of Educational Opportunity Associations is requesting $187 million for the TRIO programs in FY 1987. This will restore the 4.3% cut by Gramm-Rudman, adjust for inflation and add 1% for restoration. Even so, 16,000 fewer students will receive services in FY 1987 than received services in FY 1985. The chart on the following page details enrollments in the TRIO programs since 1980 and the implications of an appropriations level of $187 million for TRIO in FY 1987.

Mr. Weicker, Members of the Subcommittee, there is one additional matter which I would like to bring to your attention before I close. In the past, TRIO programs have been funded on the basis of written proposals and reviewed by teams of qualified outside readers who have been convened in Washington. These panels have been given a thorough orientation and generally received adequate supervision by Department of Education personnel. Panel members have received limited compensation for this work and their travel costs to Washington have been covered. In short, the process has had a high degree of integrity and viewed by most observers as fair.

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[7] John Cloulson with Clarence Bradford and Judith Kaye, "Evaluation of the Special Services for Disadvantaged Students (SSDS Program: 1979-80 Academic Year," (Palo Alto, CA: Systems Development Corporatio 1981).

In an effort to reduce costs, the Department now proposes to have proposals read in varying locations in the country by Departmental staff and other volunteers, many of whom may lack the relevant experience and knowledge of the programs to make informed judgements about the merit of these applications for fiscal 1987 funding. Moreover, the NCEOA is convinced that such a process would undermine public faith in the impartiality and effectiveness of the review process. Such a situation would most likely cause a public uproar and generate widespread congressional concern next spring. For these reasons, we ask that you indicate your intent that funds from the TRIO appropriation be utilized to fund travel and compensation of outside reviewers to conduct a proposal review process similar to that conducted in FY 1985.

We estimate that the cost for proceeding in this manner would be no more than $350,000, or stated differently, about a half of one percent of the fiscal 1986 allocation for the 658 currently funded Special Services Programs for Disadvantaged Students ($70 million). It is the SSDS applications that will be reviewed for multi-year funding next year.

I appreciate the opportunity to testify before you today and would be pleased to answer any questions you might have.

STUDENTS SERVED AND PROJECTS FUNDED BY TRIO APPROPRIATIONS

FY 1980

	Dollars	Students	Projects
EOC's	7.7 million	117,000	32
Special Services	60.0 million	172,071	595
Talent Search	15.3 million	202,033	158
Upward Bound	62.5 million	37,210	437
Training	2.0 million	-	-
Total	147.5 million	528,414	1,222

FY 1985

EOC's	9.3 million	102,800	37
Special Services	70.3 million	141,580	663
Talent Search	20.3 million	185,560	175
Upward Bound	74.0 million	33,130	420
Training	1.0 million	-	-
Total	174.9 million	463,070	1,295

FY 1986 After March 1, Gramm-Rudman Cut

EOC's	8.9 million	94,260	37
Special Services	67.3 million	129,830	663
Talent Search	19.4 million	170,160	175
Upward Bound	72.2 million	31,120	397
Training	.9 million	-	-
Total	168.7 million	425,370	1,272

FY 1987 NCEOA Recommendations

EOC's	9.7 million	97,980	37
Special Services	76.1 million	139,890	663
Talent Search	21.2 million	176,670	175
Upward Bound	79.0 million	32,430	397
Training	1.0 million	-	-
Total	187.0 million	446,970	1,272

STATEMENT OF LOUIS W. SULLIVAN, M.D., PRESIDENT, MOREHOUSE SCHOOL OF MEDICINE

Senator INOUYE. Our next witness is Dr. Louis Sullivan, treasurer and dean of the Morehouse School of Medicine. Dr. Sullivan, welcome, sir. It is good to see you again.

Dr. SULLIVAN. Thank you, Senator. It is a pleasure to be here.

Senator Inouye, and members of the committee, I am Dr. Louis Sullivan, president of the Morehouse School of Medicine in Atlanta. I wish to thank the members of the committee for this opportunity to appear before you, to give you a progress report on the development on the Morehouse School of Medicine, a minority oriented medical school in Atlanta, and to state some of our plans for the future.

Our institution is a national resource dedicated to training more minority physicians because of the shortage of such physicians in our Nation.

As you know, from my previous appearances before this committee, in prior years, the Morehouse School of Medicine came into being to address the national need for more minority physicians and black physicians, as well as to train more physicians in family medicine and other primary care specialites, to work in medically underserved rural areas and inner cities.

The Morehouse School of Medicine, after 5 years of planning, opened in 1978 as a 2-year medical school in the basic medical sciences. Our first three classes transferred to other 4-year medical schools for the completion of their doctor of medicine training. These other medical schools include Emory University, the University of Alabama in Birmingham, Howard University, Brown University, Rush Medical School, the University of North Carolina at Chapel Hill, and Louisiana State University.

In 1981, the Morehouse School of Medicine received a charter from the State of Georgia to award the doctor of medicine degree. The first class to stay with us for their entire 4 years of undergraduate medical education graduated 1 year ago in May 1985. There were 20 new physicians in our charter doctor of medicine graduating class who are now in residency training not only in Georgia but also around the country. In addition, there are 59 physicians in residency training who had their first 2 years of medical education at Morehouse and then graduated from one of the previously mentioned medical schools.

We were also pleased to award our first honorary degree on May 17, 1985, to Congressman Louis Stokes on the House side for his leadership, guidance, and assistance in the development of our institution. And we also honored Congressman Silvio Conte who has been very helpful to our institution as well.

The Morehouse School of Medicine has come into being to address a national need, as noted previously. That includes addressing the disparity in health status of blacks and other minorities in our society. This disparity, Senator Inouye, as you know, is reflected in the high infant mortality rate among blacks, twice as high as whites, a life expectancy of 5 to 6 years less for blacks than whites; and high incidences of heart disease, cancer, diabetes, and other disorders in blacks. This disparity results in 60,000 excess deaths annually in the black population of our country, as estimated by the Secretary's task force on black and minority health in their report to the Secretary in August 1985.

Our students at the Morehouse School of Medicine come from all over the country, and from Morehouse they're going all over the country for postgraduate training and practice, including such cities as Boston, Cleveland, Chicago, San Diego, New York, Oakland, California, Washington, and other cities.

From the beginning, Morehouse has been generously supported by the Congress, and for this we are very grateful. We have received grants for curriculum development, facilities, equipment, faculty development, and student financial aid.

I am pleased to report to you that as a result of your support, the Morehouse School of Medicine completed its first decade 1 year ago on June 30, 1985, with the following achievements:

One, our students have a 90 percent passing rate on part I of the national board examination, comparing quite favorably with students from all other medical schools in the United States.

Two, our faculty has been successful in competing for research grants from the National Institutes of Health, the National Science Foundation, and other sources.

Three, our faculty has published its research findings in prestigious, referred national and international medical journals.

Four, our administrative staff has carefully utilized our fiscal resources so that our medical school has always operated fiscally in the black; we have never had an operating deficit.

Thus, we can report to you today that you have invested our Nation's resources on behalf of the American people in the development of a quality institution that is providing leadership in the Nation and addressing critical medical education and health care needs.

At Morehouse, we've been fortunate to receive, with the assistance of this committee, a grant from the U.S. Department of Education through its title III program of $3 million annually to assist in our development from a 2-year to a 4-year school. This grant has enabled us to develop an effective Federal-State-private partnership for the medical school. As a result of this grant, we have been able to obtain similar grant from the State of Georgia for $3 million annually to the medical school.

In addition, we receive capitation support from the States of Georgia, New York, and Alabama, based upon the number of students from those respective States enrolled in our institution.

We have been fortunate in developing these relationships because of the recognition by these States of the great need for an institution such as ours to train more black and other minority physicians. We also, on January 30 of this year, successfully concluded our first national campaign for private sector support. In this campaign, we received a total of $15 million; $10 million of which was from private sources to assist in the development of the medical school. This was possible because of the challenge grant noted above.

At this time in the history of our institution, we are very proud of our development, but we are also aware of our present need for continued development of the Morehouse School of Medicine into an outstanding institution for the education of more minority physicians and for the development of a program of excellence in biomedical research.

Therefore, we earnestly request the support of this committee for full funding of the Department of Education's title III program, sufficient to allow for a grant of $5 million to the Morehouse School of Medicine annually, beginning in fiscal year 1987 to continue our development of a quality national institution.

In our discussions with State of Georgia officials we have been very encouraged by their interest in our institution and their desire to continue matching our Federal support. We also urge that you provide full funding for the research centers at minority institutions program of the National Institutes of Health, a program which was instituted due to your leadership, Senator Inouye, and the other members of this committee. A number of minority institutions around the country have received awards under this program, and Morehouse is presently anticipating the receipt of such an award within a short period. Such an award will strengthen our institution as well as provide for a stronger research capability now and in the future.

We are very concerned about the increasing debt burden of our graduating students from the medical school; a reflection of a nationwide trend due to a continued reduction in funds available for student scholarships and a reduction in low-interest loans.

We, therefore, respectfully request that the committee again provide full funding for the various student scholarship programs that have enabled our students to attend medical school.

We have evidence, Mr. Chairman, that even now the number of students from low-income families who are entering medical school is falling precipitously and is reflected by a concomittant rise in the students coming from families earning more than $50,000 a year. Thus, we are greatly concerned that students who are talented and who desire medical education are not able to pursue this because of a lack of available student scholarships and loan moneys.

As a Nation, we need to continue to have young people from a variety of socioeconomic backgrounds to address the health care needs of our entire population and not simply individuals in affluent, suburban communities.

PREPARED STATEMENT

Again, I'm very grateful for this opportunity to appear before you and thank you for your past support and ask for your continued support.

[The statement follows:]

STATEMENT OF LOUIS W. SULLIVAN

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you to give you a progress report on the development of the Morehouse School of Medicine and to state some of our plans for the future.

As you know from my previous appearances before this Committee, the Morehouse School of Medicine came into being to address the national need for more black physicians and physicians from other minority groups as well as to train more physicians in family medicine and other primary care specialties to work in medically-underserved rural areas and inner cities.

The Morehouse School of Medicine, after five years of planning, opened in 1978 as a two-year medical school in the basic medical sciences. Our first three classes transferred to other four-year medical schools for the completion of their M.D. training. These other medical schools include Emory University, the University of Alabama in Birmingham, Howard University, Brown University, Rush Medical School, and the University of North Carolina at Chapel Hill and Louisiana State University.

In 1981, the Morehouse School of Medicine received a charter from the State of Georgia to award the M.D. Degree. The first class to stay with us for their entire four years of undergraduate medical education, graduated one year ago in May of 1985. There were 20 new physicians in our charter M.D. graduating class who are now in residency training physicians in Georgia and around the country. In addition, there are 59 physicians in residency training who had their first two years of medical education at Morehouse and then graduated from one of the previously mentioned medical schools.

We were also pleased to award our first honorary degree on May 17, 1985 to Congressman Louis Stokes for his leadership, guidance, and assistance in the development of our institution. We also were honored to have Congressman Silvio Conte at our first commencement weekend to receive the Morehouse School of Medicine Institutional Leadership Award for his great assistance over the years in our development.

Morehouse School of Medicine has come into being to address a national need as briefly noted. That need includes addressing the disparity in health status of blacks and other minorities in our society. This disparity is reflected in an infant mortality rate among blacks that is twice as high as among whites, a life expectancy that is five to six years less for blacks than whites and higher incidences of heart disease, cancer, diabetes, and other disorders in blacks. This disparity results in 60,000 excess deaths annually in the black population as estimated by the Task Force of the Secretary of the Department of Health and Human Services in their report to the Secretary in August of 1985.

Our students at the Morehouse School of Medicine come from all over the country, and, from Morehouse, they are going all over the country for postgraduate training and practice including such cities as Boston, Cleveland, Chicago, San Diego, New York, Washington and other cities.

From the beginning, we have been generously supported by the Congress and for this we are very grateful. We have received grants for curriculum development, facilities, equipment, faculty development and student financial aid.

I am pleased to report to you that as a result of your support, the Morehouse School of Medicine completed its first decade on June 30, 1985 with the following achievements:

A. Our students have a 93% passing rate on Part I of the National Board Examination, comparing favorably with students from all other medical schools in the United States.

B. Our faculty has been successful in competing for research grants from the National Institutes of Health, the National Science Foundation and other sources. Our faculty has published its research findings in prestigious, refereed national and international medical journals.

C. Our administrative staff has carefully utilized our fiscal resources so that the medical school has always operated fiscally in the black. We have never had an operating deficit.

Thus, we can report to you that you have invested our nation's resources on behalf of the American people in the development of a quality institution that is providing leadership in the Nation and addressing critical medical education and health care needs.

We at Morehouse have been fortunate to receive with the assistance of this Committee, a grant from the U.S. Department of Education through its Title III program of $3 million annually to assist in our development from a two-year to a four-year school. This grant has enabled us to develop an effective federal-state-private partnership for the medical school. As a result of the grant from the Department of Education, we have been able to obtain a similar grant from the State of Georgia for $3 million annually for the medical school. In addition, we receive capitation funds from the States of Georgia, New York and Alabama based upon the number of students from those respective states enrolled in the medical school. We have been fortunate in developing these relationships because of the recognition by these three states of the great need for an institution such as ours to train more black and other minority physicians.

We have just sucessfully concluded our first national campaign for private sector support. In this campaign we received $15 million, $10 million of which was from private sources to assist in the development of the medical school. This has been possible because of the Challenge Grant received from the Department of Education with the help of the Members of this Committee and our other friends in the Congress.

At this time in the history of our institution, we are very proud of our development. But we are also aware of our present need for continued development of the Morehouse School of Medicine into an outstanding institution for the education of more minority physicians and for the development of a program of excellence in biomedical research.

Therefore, we earnestly request the support of this Committee for full funding of the Department of Education's Title III program, sufficient to allow for a grant of $5 million to the Morehouse School of Medicine annually beginning in Fiscal Year 1987 to continue our development of a quality national institution. In our discussions with state officials, we have been very encouraged by their interest in our institution and their desire to continue matching the federal support that we are receiving.

We also urge that you provide full funding for the Research Centers at Minority Institution program of the National Institutes of Health, a program which was instituted due to your leadership Mr. Chairman and the leadership of Mr. Stokes and Mr. Conte. A number of minority institutions have received awards under this program, and Morehouse is presently anticipating the receipt of an award within a short period, due to the work of Mr. Stokes, Mr. Conte and the other members of this Committee. Such an award will strengthen our institution as well as provide for a stronger research capability now and in the future.

D. We are very much concerned about the increasing debt burden of our graduating students from the Morehouse School of Medicine, a reflection of a nationwide trend, due to a continued reduction in funds available for student scholarships and a reduction in low interest loans. We respectfully request that this Committee again provide full funding for the various student scholarship programs such as the Health Professions Student Loan Program, the Guaranteed Student Loan Program, and others to assure that young people with talent are not deterred from pursuing a medical education because of lack of funds. In this regard, I am saddened to report to you that preliminary evidence now being gathered from the Association of Minority Health Professions Schools, based on a survey of data from the Association of American Medical Colleges, indicates that there is underway a dramatic change in the socio-economic profile of entering medical students not only at Morehouse but at all medical schools around the country. That change is a significant drop in the number of students entering medical school who come from families earning less than $20,000.00 a year and a significant increase in the percentage of students coming from families earning $50,000.00 a year or more. Thus, we are greatly concerned that students who are talented and who desire a medical education are not able to pursue this because of lack of available student scholarship and loan monies. We need to have young people from a variety of socio-economic backgrounds to address the health care needs of our entire population and not simply those individuals who live in affluent suburban communities.

Again, it is a pleasure to have this opportunity to appear before you to give you this progress report on the Morehouse School of Medicine. Thank you for your past support. Schools like Morehouse need your continued support as we work to address one of our Nation's most pressing needs: improving health services for our minority and low income people, and citizens who reside in medically underserved rural and inner city areas; and increasing the number of physicians who come from poor and minority backgrounds to address the health care needs for our fellow citizens. Thank you again for this opportunity to share with you our views.

Senator INOUYE. Needless to say, I am impressed by the record achieved by your institution. I am especially impressed that there is no deficit and everything is operating as it should.

I am well aware of the work and support rendered by Congressmen Stokes and Silvio Conte, but most respectfully, if I may suggest, there is another person that should be recognized. I have had the privilege of serving my State since 1959, and during the many years that intervened, I have served with many Members of the House and the Senate in important positions, and I would say that of all the men and women who have served, one man, the chairman of this subcommittee, has stood out like a beacon when it comes to fighting for education and health programs. And he is not here, so he need not be embarrassed. But if you want a candidate for one of your degrees, this man here is the deserving one. [Laughter.]

Dr. SULLIVAN. Thank you very much, Senator Inouye, we certainly appreciate those comments and agree fully with them. And also wish to recognize you for your support as well. We are very grateful——

Senator INOUYE. I'm the second level.

Thank you very much, sir.

STATEMENT OF EILEEN D. COOKE, DIRECTOR, AMERICAN LIBRARY ASSOCIATION

Senator INOUYE. Our next witness is the director of the American Library Association, Eileen D. Cooke. Welcome.

Ms. COOKE. Good morning, Senator. Thank you very much for the opportunity to be here.

This is the fifth year in a row that we've been back here with the same story, as you may well know.

Senator INOUYE. Don't give up.

Ms. COOKE. We won't. Persistence pays off, we hope. It has so far. I really want to extend the appreciation of all the members of the American Library Association, which are made up of librarians, trustees, and friends of libraries, for the staunch support we've received from this committee in the past several years, beyond the 5 years. But this is the fifth year the administration has recommended zero funding for library programs.

I understand the Assistant Secretary for Office of Educational Research Improvements said our programs were desirable but dispensable. And that basically it's a State and local role for libraries. And we do recognize that it's only about 4 percent Federal participation, but it's a very critical 4 percent. It provides that yeast that makes things happen; lets communities try out innovative things that later are incorporated in their regular budgets.

I have a variety of programs that we cover in our legislation. The last sheet of my testimony covers these, and I'm pleased to recognize that you and two-thirds of the Members of this committee voted for the amendment that added into the budget resolution sufficient funds that may make it possible to fund the programs at the level we're recommending, which is current services level.

Senator INOUYE. We are big spenders here.

Ms. COOKE. Not so. You're investing in the future, as far as I'm concerned.

The other thing I wanted to thank all of you for is that the administration once again proposed recission of some $33 million, and I'm pleased to say the deadline for the rescission date has come and past, April 15, and so that money now is beginning to flow out into the communities. And one of the new programs that the committee funded last year really took leadership and—the Library Services and Construction Act, title VI, which is for library literacy programs that can dovetail so nicely with many of the other activities that are going on around the country.

I have enumerated in my pages here the various programs with some detail. One of the other ones that we're particularly concerned about is the College Library Resource Program. When Senator Hatfield was here he spoke up about the problem that colleges and universities have. We have a rather silent crisis going on where the collections are deteriorating. We need preservation, but we also need to maintain new materials coming in for doctoral students and undergraduate students.

Rather than go into more detail, I would like to make a brief statement on behalf of just about every other organization that this subcommittee represents, and to urge you to use your strategic position on this subcommittee which touches so many lives to try to reverse the Joint Committee on Printing's ill-advised decision to close the House and Senate document rooms to the public, and discourage members even from sending out bills and reports to constituents.

This is all under the strictures of Gramm-Rudman. But what it would mean is that the public must pay to participate in the democratic process, and it seems to me especially deplorable as we are preparing to observe the bicentennial of the U.S. Constitution that most of the nonprofit organizations will find that they are hampered from that participation and they will be the hardest hit by this decision.

It will mean that our laws will be based on the opinions of people that can afford to pay, not on the great grassroots participation that I think this subcommittee has encouraged in past years.

I don't know whether you saw the story in yesterday's paper. There is a ray of hope. They've said over here that the decision isn't final, we were told, however, that beginning this coming Monday the Senate document room will make it possible for people to buy bills and reports. And I've been appalled because very few people have heard about this. This went out as a "Dear Colleague" letter on March 14, and nevertheless, as I say, as I talk to people they say: What, what do you mean we have to buy them? And our experience was brought to the forefront in December when we paid $44 for a copy of the House tax bill and the report on that. Granted, they are large bills, but there'd be no way we could react to legislation that's introduced. So I particularly wanted to call that to your attention and see if you can't help do something about that.

PREPARED STATEMENT

Senator INOUYE. Thank you very much. Your statement will be inserted in the record at this point.

[The statement follows:]

STATEMENT OF EILEEN D. COOKE

My name is Eileen D. Cooke. I am Associate Executive Director of the American Library Association and Director of its Washington Office. ALA is a nonprofit educational organization of over 42,000 librarians, trustees, educators, and other friends of libraries dedicated to the improvement of library services.

It does not surprise you, I'm sure, that the Administration has, for the fifth year in a row, recommended elimination of the federal programs which support libraries. This Subcommittee has been staunchly supportive of these programs in the past. And in view of the recent two to one vote by Subcommittee members to add funds for education and libraries in the FY '87 budget resolution (S.Con.Res.120), I feel sure that, despite the pressures of the Gramm-Rudman-Hollings balanced budget legislation, you will continue to support a small but crucial federal role to stimulate and encourage the most effective library services to the American people.

As you know, the Administration went beyond zero this year and tried to grab back some of last year's money by recommending rescission of all FY '86 library grant funds that had not already been substantially allocated. The time expired April 15 on the 45-day period for Congressional review, thanks to Congress' rejection of the proposed rescission. I want to take this opportunity, on behalf of ALA, to thank this Subcommittee particularly for your enduring support.

Federal funding now accounts for only 4 percent of public library support, but the Library Services and Construction Act enables libraries to reach that part of the population without library services or with very inadequate services, or for whom provision of library service requires extra effort or special materials and equipment.

LSCA I allows libraries to be innovative in using technology. For instance, Florida and New Jersey are among the states using radio reading services to reach the visually impaired. Libraries in Arizona and Colorado are pioneering in using computers to serve the handicapped. The first use of a Chinese-Japanese-Korean language computer terminal in a public library took place in California with LSCA I funds.

In FY '85, of the approximately 665 public library construction and renovation projects submitted to state library agencies, only about 290 could be funded under LSCA II. Many of those unfunded have been resubmitted and are competing with new projects in the FY '86 cycle. In this cycle, although delayed by rescission proposals, applications are again far exceeding available funds. Appropriations are needed in FY '87.

A major trend in LSCA III projects continues to be increased use of computers and communication technologies, especially including smaller libraries' participation in the creation of machine-readable bibliographic databases. These promote and enhance the capabilities of libraries to share resources across local and state boundaries--a very appropriate federal role. Wisconsin tested telefacsimile machines in several academic, public and state-level libraries. The technology was found to be fast, effective and cost-efficient for academic and large public libraries for interlibrary loan.

I would like to thank the Subcommittee for its leadership in providing first time funding for LSCA VI library literacy programs, and recommend continued funding in FY '87. As the Business Council for Effective Literacy pointed out in its January 1986 Newsletter for the Business Community:

> One of the key reasons that libraries are so well positioned to play a larger role in literacy programming is that they already are centers for numerous other community activities. Moreover, they are open evenings and weekends, and offer a friendly environment free of any negative associations with schools or past school failure. For an adult to go to a library is a prestigious act whereas going to an elementary or secondary school for night classes often feels demeaning. Furthermore, for new literates to have acquired the habit of going to a library is desirable in itself because it may lead them to continue reading independently.

The Higher Education Act II-A college library resources program is being amended to target grants to the neediest institutions as this Subcommittee has suggested. The II-A need criteria included in the HEA reauthorization passed by the House (HR 3700) and approved by the Senate

Labor and Human Resources Committee (S. 1965) were developed by the academic library community. ALA recommends that you consider funding II-A at $5 million, which would provide grants of between $2,000 and $10,000 to about the 1,000 neediest academic libraries.

HEA II-B grants to library education programs for fellowships have concentrated on minority candidates for graduate degrees; II-B allows schools to actively recruit the best candidates. The need is great, but attracting such candidates into a relatively low-paying field without the assurance of financial support is difficult; even with such support, it takes time. The number of minority students enrolled in library schools has dropped more than 40 percent since 1979, mainly due to decreased funds for II-B.

HEA II-C grants to major research libraries continue to be needed in light of the following statistics: There are 6-7 million unique bibliographic records for books of academic significance that do not yet appear in nationally available online catalogs, meaning scholars have limited access to a large body of knowledge. About one-fourth to one-half of all paper in library book collections is in such poor condition that further use may result in loss of text. Without treatment, all but about 10 percent of the remainder of book collections are expected to reach the same brittle state. Ten year data from 84 research libraries shows that they increased spending on books by 93 percent and on serials by 155 percent, but increased their holdings by only 31 percent, due to increased costs of materials.

Included in the Education Consolidation and Improvement Act Chapter 2 state block grant to the schools is the former ESEA IV-B School Library Resources and Instructional Equipment program. The best that can be said for the impact of Chapter 2 on school libraries is that the effect is uneven. Some school libraries receive more funds than they had under categorical grants, while others receive none. A recent study of elementary school libraries in New York City found that most reference books date from the 1960s, and few new materials were purchased.

I am pleased to see that the Administration has recommended continuation of funding for the National Commission on Libraries and Information Science. This unique cost-effective agency works to identify, examine and seek solutions for problems in areas including the information needs of the aged and rural citizens, adult literacy, information's effect on productivity, and access to government information for decision makers. The pending legislation (S.J.Res.112, H.J.Res.244) to authorize a second White House Conference on Library and Information Services now has 21 Senate and 96 House cosponsors. NCLIS would be the administrative agency for planning and implementing such a conference. In December, NCLIS approved a report of its WHC Preliminary Design Group. This excellent report proposed library and information services for productivity, for literacy, and for democracy as the three overarching themes of the 1989 WHC. ALA recommends funding for NCLIS at a level sufficient to allow it to carry forward its programs effectively.

The Department of Education has recommended for FY '87 a considerably increased amount for its reorganized Center for Statistics. We support this recommendation if it means that basic data about all types of libraries will be collected, analyzed, and made available in a regular and timely fashion. Such data collection and dissemination should be one of ED's key functions.

I am also pleased to see that after several years without a specific authorization, the Medical Library Assistance Act has been extended as part of the Health Research Extension Act (PL 99-158), and is authorized at $13 million in FY '87. ALA recommends current services levels for MLAA and the National Library of Medicine. I appreciate your past support of this great national library, and remind you that 1986 is the Library's Sesquicentennial Year. As Congress noted in a commemorative resolution (now PL 99-341), "the health of American citizens has been improved as a result of the rapid access to biomedical information enjoyed by health practitioners utilizing the services of the National Library of Medicine."

Continuing federal library programs is especially important in light of other pressures on libraries from the federal level. The $18.3 million cut to the FY '86 budget of the Library of Congress affects all libraries across the country. The majority of the cataloging of books held in U.S. libraries is done by LC, which makes its bibliographic data available through catalog cards, book catalogs, and computer tapes. As the nation's premier research library, LC has subject, language, and technological expertise no other single library can match. A small library can often rely on LC cataloging data for close to 100 percent of its needs. However, LC will catalog 25,000 fewer books this year.

The LC National Library Service for the Blind and Physically Handicapped is being reduced 12 percent. Its braille and recorded books and magazines are distributed to the visually impaired with the cooperation of 160 regional and subregional libraries for the blind, many of them supported in large part by LSCA I. Now, 80,000 fewer copies of braille and recorded magazines will be available. Elimination of postal revenue forgone funding would threaten free mail for the blind, another federal program which supports this service.

For the most part, interlibrary loan networks also depend on the Postal Service for delivery of materials. The 4th class library rate went up 35 percent since January 1 due to increases caused by insufficient funding plus the Gramm-Rudman-Hollings cut. If the revenue forgone appropriation is eliminated as the Administration proposes, there would be a 74 percent increase in the library rate in a 9-month period. The cost of the telecommunications lines used by thousands of libraries to connect to nationwide bibliographic databases has also risen several times in the past year.

The likely end of revenue sharing after this year will also affect libraries. In West Virginia, 22 percent of local library support actually comes from federal revenue sharing; in Pennsylvania it is 14 percent. All libraries will feel the pinch as local governments look for places to cut to replace revenue sharing funds now being used for police and fire protection and other local services.

Libraries are finding it more and more difficult and expensive to meet their users' needs for information by and about the federal government, due to agency budget cuts and Administration policies. As agencies' budgets are cut, information and data collection, analysis, and dissemination are often reduced or eliminated. Policies promulgated in recent years by the Office of Management and Budget call into question the appropriateness of such activities, and accelerate the trend toward commercialization and privatization of government information. As a result, much useful information may no longer be disseminated through the federal depository library system (almost 1,400 libraries located in every congressional district), may be available only from a private sector firm at a high price, or may simply not be collected or compiled at all.

In summary, ALA strongly urges that you recommend funding levels for FY 1987 that would enable continuation of federal library programs at current services levels (figured before the Gramm-Rudman-Hollings sequestration). Thank you for the opportunity to present the views of the American Library Association.

Senator INOUYE. I'm glad you have done this because you are the first person who has come forth, either before the committee or in our mail bags, to express concern. Many of us have had the impression that most of the recipients of these bills and reports have not been too happy to receive them; they look upon it as junk mail.

Ms. COOKE. No; never.

Senator INOUYE. Well, we've had a lot of people so indicate to us, so why waste Government money sending us these things. And as a result, I have trimmed down. I don't have any newletters that I send out. I have trimmed down my mailing list to bare bones, to those I feel are really interested. And while I am glad you have said what you did, but it would help if others say the same thing.

Ms. COOKE. Well, time is running out, I realize. It seemed most strange yesterday to see this story juxtaposed with one saying that we are buying our oil high and selling low with the naval petroleum that's now being sold off at the rate of—at a loss to the taxpayer of $400,000 a day. Perhaps there's some way to stop that and put that money into making it possible to get documents.

I'm particularly concerned on behalf of libraries because I think one of the impressions is that people can go to their local library and see these bills. And indeed, there is something called the depository library system and the Government Printing Office does send to nearly 1,400 libraries, many of which are in colleges and universities, copies of various materials. But there's quite a lag.

And you know very well if a committee bill is being marked up this afternoon it may be on the floor within a couple of days. And if there are really critical things in there that people, lay people in the real world need to know and let you know about, they're not going to get those issues out at the local library level for a month or two.

So thank you very much for your time.

Senator INOUYE. Thank you. Appreciate your testimony very much.

STATEMENT OF TERENCE A. ROGERS, PH.D., MEDICAL OFFICER, TRAINING PROGRAM FOR MICRONESIA AND AMERICAN SAMOA AND DEAN, UNIVERSITY OF HAWAII SCHOOL OF MEDICINE

Senator INOUYE. Our next witness is Dr. Terence Rogers, representing the University of Hawaii, chief medical officer of the Training Program for Micronesia and American Samoa. You're always welcome, sir.

Mr. ROGERS. Thank you, sir. Mr. Chairman, as you know I am Terence Rogers, the dean of the University of Hawaii School of Medicine, and I'm most grateful for the opportunity to testify today.

I, like Mr. Thompson, report on a program which developed from your hearings in Hawaii in January 1984. It will be recalled that the American presence in the islands of Micronesia is a matter of deliberate national security policy both for the availability of military bases and the denial of the same to other powers.

The health problems of Micronesia and American Samoa resemble more those of the so-called Third World rather than those associated with American jurisdictions. The people are beset with an array of tropical diseases and others related to poor hygiene that had been virtually eliminated in the United States and Western Europe by the turn of this century.

The support of our Government has not been altogether parsimonious but has taken the form of hospital construction, often of an inappropriately technological standard and the rotational presence of young National Health Service Corps doctors and, among others, the program on which I report today with the request for its continuation.

As the Micronesian Governments approach their varying degrees of qualified independence, we regard it as important that their health care delivery manpower should be Micronesian, and in a different context, Samoan. Through this subcommittee's recommendations an appropriation was made to initiate the training of a new cadre of indigenous medical officers at a high level of training to replace those in Micronesia whose ranks are being rapidly thinned by retirement.

Although the appropriation was made for 1985, we did not actually receive a reward until January 1986. The Office of Management and Budget delayed making the necessary apportionment to Department of Health and Human Services, who had already approved our technical proposal. Nevertheless, I am able to report substantial programs toward beginning instruction in September 1986. The curriculum design is at an advanced stage based on a philosophical consensus reached by our faculty leadership and the health leadership from Micronesia and American Samoa.

The expression of congressional interest, culminating in an actual award of about $2.5 million for the first 3 years had an electrifying effect on the participating Federated States of Micronesia. And with gratifying enthusiasm, they rapidly concluded essential lease agreements, affiliations, liability indemnification, arrangements for faculty and student housing, even down to minor details. A year's work done in 1 week, literally.

The Health and Human Services award provides for the renovation of certain structures and the engineering plans for this are being completed as I sit here.

It is our pleasure to report the colleagiality, critical, supportive, and innovative, that we have enjoyed from the Department of Health and Human Services. Most of all, we wish to thank the subcommittee and your parent committee for the interest and support for the people of the Pacific Islands.

We will need a further $6.5 million for the 6 years following those 3 years covered by the current award; that is, out to 1988–89, in order to complete a 9-year program which will then terminate.

Senator INOUYE. Thank you very much, Dr. Rogers. One of the least popular destination points for congressional visits, I believe, must be Micronesia.

Mr. ROGERS. Yes, sir.

Senator INOUYE. I visited our trust territory in 1960 and I learned at that time that we had one physician, doctor of medicine physician, in charge of the whole medical program for those many islands, and the population at that time was approximately 95,000. One doctor for 95,000 people.

But fortunately, there were so-called native doctors who were then being trained, I believe, in Fiji. There were about 15 of them. And these are the men and women who are now retiring?

Mr. ROGERS. Yes, sir.

Senator INOUYE. How many native doctors will you be sending out to these islands once your program is in place?

Mr. ROGERS. Once the program is in place, about 15 a year for 5 years—for 5 years. That is, the last 5 years of the 9 years—to a total of 75.

Senator INOUYE. Now does your training program take into consideration the different nations we have out there?

Mr. ROGERS. Yes, sir; the candidates will be nominated by their own qovernment, and the nomination contains implicitly a guarantee of employment if the student completes the course. And, of course, the curriculum will be adapted as best we can to fit the different cultures.

Senator INOUYE. How many years will be required for a candidate to receive his certificate?

Mr. ROGERS. We're looking at 4 years from junior college in Micronesia, from community college in Micronesia, with a fifth year of internship in the home territory.

Senator INOUYE. Will the graduate be qualified to perform surgery?

Mr. ROGERS. Yes, sir; we're planning to train them to conduct caesarean section, for example, or an appendectomy if there is no alternative; if evacuation is not possible. As you know, those atolls are hundreds of miles apart, and since there are no more amphibious aircraft and we're looking at ranges beyond those of helicopters, it will be sometimes necessary for a youngster with 4 years of training out of a junior college to do a C-section.

Senator INOUYE. I watched an appendectomy on the island of Palau. It was carried out in a quonset hut to the squirking of geckos all around you. It was quite an experience.

Mr. ROGERS. It hasn't changed.

Senator INOUYE. Somehow, the patient survived, and I thanked God it wasn't me. [Laughter.]

PREPARED STATEMENTS

But I thank you very much, and I can assure you that I will do everything possible to keep this program going, and I am certain the chairman feels the same way. Thank you. Your statement in its entirety will be included in the record along with other statements for the record on appropriations for higher education.

[The statement follows:]

STATEMENT OF TERENCE A. ROGERS

Description of Training Program

Introduction

It should be emphasized at the outset that the health conditions in Micronesia do not resemble at all those expected in U.S. jurisdictions. Sanitation, infectious disease problems and the whole level of health resemble those of the tropical third world, except for the absence of gross caloric deficit. Distances between population centers are huge and many families on remote atolls can reach those population centers only after days of travel in small boats across the open Pacific. The indigenous cultures are strong and dignified, but they have been eroded by "modernization", and the unemployed young people display their own version of the anomie which threatens the stability of other poor countries with stagnant economies world-wide.

At first sight, the Islands appear to typify all the western fantasies of serene verdure and white beaches, set by tranquil lagoons, and surrounded by the endless ocean. However, these islands have far-reaching problems of economic depression and a pervasive sadness apparent to the reflective visitor to Micronesia. This comment is not to denigrate the hospitality of the people and the energy and determination of some individuals. What could have been regarded as the imperatives of subsistence gardening and fishing, with the need to build canoes, make nets and ropes, and prepare plots for taro and other staples, set the stage for a highly rational, and probably enjoyable, "work ethic". This has virtually disappeared and the non-adoption of a western-type work ethic means that, on a distribution curve basis, productivity is low and attention to detail is less than that necessary for an efficient health-care system, for a specific example. These facts are presented non-judgementally; they simply describe the situation and problems. The physical environment itself seems to conspire against the technological equipment involved in health-care, communications, etc. The high temperatures, high humidity and salt-laden air destroy equipment at more than twice the rate "we" are accustomed to and, as preventive maintenance is not part of the nascent work-ethic, the Islands are littered with carapaces of defunct equipment.

This program has been developed, with the support of this Committee, in a spirit of optimism by persons who are thoroughly familiar with the pessimistic scene just described. Their familiarity is the origin of several principles implicit in the program.

In Micronesia:

1. Keep it simple and it will work.
2. Keep it small and it can be managed without a non-existent cadre of managers.
3. Rely on regular transportation with Honolulu for essential equipment maintenance.

4. Teach clinical medicine which is independent of automated clinical laboratories, specialized technicians and their monitoring equipment.
5. Build a simple communications system.
6. Build a curriculum that meets the realities of both the output needs and the educational level of the student intake.

Nature of Program, Essentials

We have completed most of the preliminary work to train about 75 indigenous people of Micronesia and America Samoa over a 9-year period to provide acute primary care at an advanced level, to provide preventive medical leadership and to train and supervise other health workers. They will be designated by their governments as Medical Officers (MOs) as distinct from Medical Doctors (MDs), who have undergone a more rigorous training based on an extensive scientific background in regular medical schools. The approach to the M.O. training is based on a realistic appraisal that not enough of the indigenous people receive primary and secondary education adequate to prepare them for the work leading to the M.D. degree. (Those Micronesians and American Samoans who can qualify for admission to medical school will continue to be accepted at the John A. Burns School of Medicine (in Hawaii) under the extant vigorous affirmative action policy supported by an HCOP grant.)

Need. The proposal is to meet an emergent health manpower shortage resulting from the fact that most of the 35 existing Medical Officers in the region are rapidly approaching retirement age with no replacements in sight. The long-term benefits of the program are that the key health professionals will continue to be indigenous, which has extensive cultural and linguistic advantages and, perhaps most important of all, will provide a cadre of primary care health manpower which will be affordable by the relevant entities in future economic uncertainties, especially in those approaching independence. As indicated, we plan an output of 75 new M.O.s over a 9-year period, and consider that this cadre will suffice well into the next century when new and different arrangements may be possible. We would emphasize that we are conducting only this program, which will have a beginning and an end. We are not establishing a "school".

Micronesian and American Samoan Involvement

The seeds of the propbsed training program were sown in 1980 in some informal conversations among University of Hawaii faculty and Micronesian health leaders. The latter (all M.O.s) were concerned about the issue of depletion by retirement and that the changes in their own former school in Fiji (since Fijian independence), had made it extremely difficult for Microneisans to be admitted. By that time, the Fiji School of Medicine was oriented to the M.B.B.S. degree (the British equivalent of the basic U.S. M.D. degree), and not to be educating M.O.s.

From the beginning, the University of Hawaii faculty worked very closely with the Micronesian leadership and this extended into the regular legislative leadership, especially in the Federated States of Micronesia. As noted, these exchanges were formalized in 1984 by setting up an Advisory Board which included the health care leadership (identified by the Chief Executive Officer of each entity) and University of Hawaii faculty with extensive experience in Micronesia.

Through their representation on the Advisory Board, the various governments will "sponsor" applicants with an implicit commitment to employment as a Medical Officer if accepted and they graduate. It is immediately clear that there is no way of "enforcing" such a commitment because administrations and Health Directors come and go, but we will arrange that each letter of sponsorship include such a commitment. Further we expect that the number of sponsorships from each jurisdiction will reflect their perceived need. The actual selection committee is 50-50 University of Hawaii faculty and M.O.s drawn from the Advisory Board.

The Advisory Board has already agreed upon a 4 year training program followed by a mandatory 5th year of internship; the latter to be conducted in the home jurisdiction.

The details of the training have been developed from broad examinations of program development and implementation, including among others, cultural and linguistic implications for education, methods of instruction, screening and selection of students, and breadth and depth of material to be covered. These extensive discussions were carried out in a series of day-long conferences convened by the Dean of the University of Hawaii Medical School in September and October, 1984. The conferees were all noted for flexibility of educational philosophy and familiarity with the "problems" and they included Medical Officers now in responsible executive positions.

The outcome of these meetings is incorporated in the following description of the Philosophic Basis of Program Design.

Philosophic Basis of Program Design

The following overlapping areas were identified by the consultants and Advisory Board as crucial to program design. By the conventional patterns of planning, those at the top of the list are "soft" and intangible, while those towards the bottom of the list are "real" and might be conventionally considered the most difficult. We would emphasize that we early realized that the list as presented is in descending order of difficulty or, stated differently, the likelihood of serious and possibly irreversible mistakes are associated with items at the top of the list. Those lower iu the list are items to be dealt with by familiar, matter-of-fact problem solving techniques.

1. There are intricacies and contradictions inherent in the overlay of an "official" (U.S.-type) hierarchy on a clan system in Micronesia with caste-like characteristics that long pre-dates western incursions, and is more "real" than any Table of Organization or objective selection system.
2. The cultures differ among the political entities and so we are not dealing with a homogenous set of socio-cultural milieux into which a training program can be fitted, nor can the graduates be equally effective in all

loci. Furthermore, although the political divisions are along approximately linguistic and cultural lines, there are exceptions.

3. The traditional Micronesian attitude towards knowledge (information) is different from that of western educators. The traditional Micronesian view is that knowledge is finite in extent, unchanging in its content, is "secret", is conveyed by the master to a chosen pupil, and can become ineffective if misused or transmitted to "unauthorized" persons. This extremely traditionalist viewpoint has been much modified by the spread of western education, but is still evident in the astonishingly traditional navigators and they have youthful apprentices. Interestingly, however, western medicine has retained some comparable priestly exclusivity, and we consider this to be an asset.
4. It is a cold clinical fact that primary and secondary education in Micronesia has serious defects, and that even after two years at the Community College of Micronesia the average graduates of that select population read at the 9th or 10th grade level. Furthermore, related defects in the struggling educational system lead to an emphasis on memorization and little attention to the development of conceptual thinking, which can be used as a framework for complex factual information—as in medicine. Therefore, curriculum design has to be approached with all of this in mind, but not by just presenting a "simpler" medical curriculum. Those senior medical officers (who had been trained in Fiji) who were party to these planning sessions were particularly emphatic about some of the irrelevant and demoralizing elements of the curriculum they had followed.
5. One could expect a reactive period of almost "exaggerated" separation among the entities before realities and necessities bring them into virtually automatic cooperation on projects such as the training of M.O.s
6. Pohnpei Hospital will be the focal site and the first two years of training will be conducted there and this will have an impact on hospital operations in the general sense and because part of the hospital will be used as a didactic training area. A former construction camp on hospital grounds will be refurbished to provide domiciliary and further training quarters.
7. There are insufficient patients in Pohnpei for clinical teaching in hospital wards. Therefore, other hospital facilities will need to be utilized. At least one limiting factor will be the cost of extra faculty to supervise students away from Pohnpei Hospital, especially in the early part of their clinical training (year 3).
8. The class size was extensively discussed and working backwards from a total output of 75 M.O.s, classes of 15 (with 20 admitted) were decided upon.
9. Housing is in very short supply in Pohnpei and it will be necessary to construct 3 "western-type" houses for on site faculty and their families

and a similar (4th) structure to house faculty in Pohnpei for periods of a few weeks only, and without their families.

The special issues listed above were incorporated into the program design as follows:

1 and 2 Subtle Cultural Factors)

a. The sponsoring of the participating governments will ensure a pool of culturally appropriate candidates from whom a selection committee (including Micronesians) will then choose students on the "conventional" bases of character, learning aptitude, empathy and capacity to handle stress.

b. The "management" components of the curriculum will deal frankly with the necessity of a pyramidal hierarchical structure (as in an operating room, for example) and the need to keep the delicate issue of family status separate from health care imperatives.

c. In an exactly parallel way, the clinical training will emphasize the total priority of the patient's well-being, regardless of the patient's social relationship to the health care professionals.

3 and 4 (Perceptions of Knowledge and Quality of Education)

a. As concession to the perception that knowledge is finite we have made about 200 common clinical entities the focus of the curriculum. Of course, this number is not really fixed or absolute, but can convey a "reassurance" that the body of knowledge to be mastered is indeed manageable.

b. For the earlier stages of training we have selected about 30 clinical entities which are representative of "clusters" of the larger number and can provide the vehicle for transmitting the core of basic science knowledge germane to an understanding of the disease entities and the scientific rationale of their diagnosis and treatment. An essential feature of this approach is that the student M.O.s will always have a clinically relevant focus for learning scientific material rather than being forced to learn the scientific material with only the faculty's assurance that they will later see its relevance.

c. Most medical textbooks are absurdly detailed even for the high-performance college graduates who are medical students in the U.S. We will assemble a list of those that are reasonably concise and, where necessary, ourselves generate suitable texts to fill the gaps.

d. Also, interactive computer assisted instruction has made very rapid strides and is a major project in the University of Hawaii School of Medicine. Accordingly we plan a facility for Pohnpei that will be totally compatible with that in Hawaii. We plan to transport soft ware as needed and do not plan real-time satellite transmission of such materials. Further, the technology of laser video-disc has made enormous progress and is particularly suited to those parts of medical education that are highly visual, such as histology, neuroanatomy, hematology, parasitology, etc.

The crucial point here is that a slow reader is under no disadvantage in these learning modalities.

e. We have a tried and true basis for curriculum design.
    i. What is the problem?
    ii. What needs to be done to handle the problem?
    iii. What needs to be learned in order to do the things that will handle the problem?
    iv. How do we teach those things?
    v. What then is the performance of the trainee in handling the problem?

It will be noted that both computer assisted instruction and the curriculum design principle just described are just as applicable to management techniques and community health development as to the treatment of disease and the scientific basis thereof.

5. Intergovernmental Coordination

The Advisory Board carries out many coordinative functions but there is also a need for a "lead agency" in Micronesia. The University of Hawaii will certainly run the educational venture, but the FSM Department of Health Services will deal with other governments as the FSM will be the most impacted by the conduct of the program and has the greatest need with respect to outcome.

6. Pohnpei Hospital as Focus

a. Pohnpei Hospital will shortly become a teaching hospital and we have been developing clear understandings about the roles of faculty and trainees in the day-to-day operations (of the kind that exist now). Fortunately, the presence of the trainees will not become a major issue until the latter part of the second year of the program, and there will be plenty of time to develop policies in the light of experience. Nevertheless, the presence of highly qualified, full-time University of Hawaii faculty will greatly strengthen the hospital, but a balance must be struck between their educational responsibilities (even those involving patients) and the natural tendency to regard them as "extra" clinicians. Again, the planning group felt that it is premature to work on detailed expectations in this context.

b. Because of some changes in the hospital's functions since the time it was planned, there is a ward which can be used as a study hall, library and repository of the C.A.I. materials and equipment. This has some attractions for security of valuable equipment as well as a good utilization of existing resources.

c. A recently disused construction camp (for road building) lies on hospital grounds across the road from the hospital proper. The assignment of this to the M.O. program has been approved by the Government of Pohnpei. A DHHS grant for the program permits expenditures for refurbishment and remodeling, which is proceeding.

d. We have arranged for the hospital to provide cafeteria food service to the M.O. students by contract.

7. Patients for Clinical Teaching

This is another problem area that we feel will largely solve itself as the program moves along. Those governments with several students in training will want those students to have clinical experience in their home jurisdictions—as will the students themselves. As noted, the cost of supervisory faculty will make it necessary to use as few facilities away from Pohnpei as possible.

8. Class size

a. The planning group has a consensus that 20 with an expected attrition of 5 is a reasonable number for the first class. This can be adapted as we get experience of attrition expectations.

b. The Micronesian leadership were unanimous about the following:

    i. Anyone sponsored by their government may apply but there was great concern about the "loss" of existing health personnel (such as Medex) by this route.

    ii. It followed then that the original idea of perhaps having one or two initial classes made up entirely of experienced health professionals was emphatically disapproved.

c. The "standard" entry pattern will be after about a seven quarter program at the Community College of Micronesia (CCM). This has been discussed extensively with the leadership of CCM with respect to the suitability of the program (as preparation for the M.O. program) and also that the CCM program will award their usual A.A. diploma to the inevitable majority of the aspirants who do not get accepted to the M.O. program.

d. It is further recognized that there are other young Micronesians who have attended other institutions (than CCM) and may even have baccalaureate degrees. All of these would be considered; we do not plan an exclusive lock-step with CCM.

9. Faculty Housing

The F.S.M. Government has negotiated with their Development Bank a loan for the construction of 4 houses adjacent to the hospital. The Government will be the mortgagee, and the loans will be amortized by rent paid by our faculty (as individuals) to the F.S.M. Government. Nothing in this arrangement will affect the grant from DHHS.

Clinical Curriculum

The curriculum of this program designed to train Micronesian Medical Officers in Pohnpei is based on a set of goals and objectives. The format borrows heavily from the published curricular objectives of Southern Illinois University School of Medicine, but the content has been, and will continue to be, modified to meet the needs the medical officers will encounter in actual practice. Wherever possible "The student will be able to ..." is the implied beginning of each objective.

The content of the clinical material the student will learn is based on a series of clinical problems the student will encounter in later practice. The problems are stated most simply as chief complaints, which in turn direct the student in gathering appropriate information to formulate a problem or set of problems and to proceed with a plan for solving them.

The Micronesian Medical Officer needs to acquire competency in primary health care. The definition of primary health care in this context is all health care available on site—in each of the separate islands where the doctor finds himself. It is necessary to include the management of many dire, life threatening emergency problems including stabilization and preparation of patients for air transportation where appropriate and available, but often the total management of an emergent problem. Clearly this will require much more sophisticated skills (and confidence) than the traditional primary care definition implies.

Basic Sciences

The basic sciences will be taught in the context of patient problems; not as a separate discipline, but as an integral part of clinical instruction.

We propose that a detailed study of human anatomy go along with a carefully selected series of clinical topics from the very beginning. The cadaver will provide the focus of the discussion, including especially the physiology and pathophysiology of the organ systems. We have concluded that a thorough familiarity with the structures and functions of the human body will provide a rationale (to the students) for ordinary class-room discussions of enzyme systems, fluid and electrolyte balance, etc., as well as later discussion of pathological processes.

Out of respect for the insurmountable Micronesian attitudes towards the dead, the 5 cadavers per class will be provided from the University of Hawaii, which has a well-supported donor system. This decision regarding cadaver dissection will require good security and air conditioning.

Note: It may be noted that the original M.O. training used cats for anatomy teaching; a fact recalled as relatively useless by those M.O.s on our advisory committee.

Health Promotion and Disease Prevention

The student will learn these aspects of health care in the context of patient problems. Emphasis will be placed on:

Communicable diseases
Maternal care
Child health nutrition
Accidents
Village and home sanitation
Community development

If a curriculum is to be based on specific goals and objectives, these goals and objectives must be closely tailored to the needs of the community of people the physician will serve. These needs are very well identified in

Micronesia, and often differ quite markedly from the needs of American communities. The physician for the Micronesian community must be trained to meet these needs with emphases quite different from standard American education.

Certain clinical problems that command attention in Micronesia, not only in terms of their prevalence, but of their importance to the daily life of the inhabitants and the relatively simple means of their prevention and treatment merit strong emphasis in a curriculum for Micronesian Medical Officers. Identification of these problems is not difficult. Mortality and morbidity reports over the years, the experience of seasoned Micronesian practitioners involved in the development of this training program, and the experience of University of Hawaii School of Medicine faculty in consulting, teaching and providing locum tenens in Micronesia provide a consistent picture.

A short list of problems needing special emphasis in the curriculum includes:

1. Infectious disease. Tuberculosis and leprosy are commonly encountered diseases capable of being controlled and prevented without sophisticated technology. Tuberculosis is the major diagnostic consideration in patients presenting with problems that in the metropolitan United States would indicate investigation for brain or abdominal cancer. Both tuberculosis and leprosy can be virtually eliminated if doctors are well and thoroughly trained to recognize and deal with it. Local education will result in far better trained doctors than those coming from U.S. institutions, where these diseases are given scant attention, almost as medical curiosities.

   Intestinal parasitism is near universal and in a medical work up of a patient with any abdominal complaint, bowel obstruction for example, parasitism must be considered the cause until disproven. These problems are almost entirely preventable.

   Otitis media in children is rampant, and the tragic sequelae of draining ears and deafness lead to learning disabilities on a scale unimaginable in modern times. The Micronesian doctor needs to know far more than his American colleague about its diagnosis and management.

   Bacterial diarrhea—particularly in children who so easily enter a state of profound dehydration and electrolyte imbalance is another example of diseases with unexpected importance.

   Filariasis with chylous ascites is virtually unknown in temperate zone America, hence disregarded in medical school teaching, but is encountered again and again in Micronesia.

   Skin diseases, often the result of infection, constitute a large part of Micronesian clinical practice. If the Micronesian doctor were an excellent dermatologist and nothing else, he or she would still be a valued member of the medical service.

2. Genetically determined disease. Late onset diabetes reaches extraordinary high prevalence in selected Micronesian populations. Diagnosis and

management is achievable locally if the physicians have the appropriate skills, knowledge and attitude. Obesity and hypertension are certainly important problems that may fall partially in this category.

3. Trauma. Generally, mechanical injury is the most important aspect of training, increasing as motor vehicles become more common and better roads allow more than a snail-like pace. Lacerations and head injuries are common weekend phenomena, while burns are rare.
4. Mental health. The number of suicides is an alarming figure in some of the cultures of Micronesia. Physicians must learn—in fact may have to be the ones to discover—the underlying factors and their management.

STATEMENT OF JOHN LEWIS ALLEN, JR., ACTING EXECUTIVE DIRECTOR, NATIONAL STUDENT ROUNDTABLE

The **National Student Roundtable** is pleased to have this opportunity to submit testimony for the record of the Senate Appropriations Subcommittee on Labor/HHS/Education as you go about making the important decisions confronting you in regard to the FY 1987 Department of Education budget. The student associations we represent appreciate the historical support your subcommittee has demonstrated for access to American higher education, and we are confident that this support will continue into this year. In that context, we offer your subcommittee the following observations on the state of financial aid as we approach this appropriations cycle.

I. OVERVIEW

We begin with the observation that the last several years have been difficult ones for student aid. The Reagan administration has made repeated and emphatic attempts to dismantle the framework of federal student aid; this assault, although resisted by Congress, has taken its toll. Massive cuts have been avoided, but so have even modest increases, and as a result the "buying power" of federal student aid has declined significantly.

In the Pell Grant program, for example, a recent report issued by the College Board indicates that adjusted for inflation the value of Pell awards declined 10% in the period 1979-80 to 1983-84. This trend is reflected in the other programs as well; the value of SEOG awards to dependent undergraduates during the same period declined by 19%. All told, the Congressional Budget Office estimates that in constant 1982 dollars, aggregate student aid today is worth 20% less than in FY 1980.

Compounding this trend is the fact that award values adjusted for inflation really only tell half the story, since over the last several years increases in college cost have been running consistently ahead of inflation. The costs an average student faces--books, lodging, transportation, and most notably tuition and fees--have in reality been increasing almost twice as fast as inflation. As a result, student aid has come to mean less and less in the actual higher education "market-place."

One kind of proof of this trend is found in the expansion in student borrowing over the last decade. The volume of student indebtedness, as measured by both the number and average size of student loans, has more than tripled in the last ten years. Whereas a $5000 debt load was unusual even five years ago, today students graduating with debts of $20,000 or $30,000 are not uncommon. This is a dangerous trend; the increasing debt load of many students threatens their career options, lifestyle decisions and financial security. Given the current student aid/educational cost climate, however, we can only expect this upward escalation in student borrowing to continue. Indeed, Secretary of Education William Bennett has said during testimony before this subcommittee that he expects the consequences of the Department's proposals to be more student borrowing.

The **National Student Roundtable** considers that unhealthy and unwise. The benefits of higher education are not consumer-specific, but rather extend to all of society. It is unfair to ask a generation of American students to mortgage their financial and professional futures so that we might remain a well-educated and technologically sophisticated nation. We are committed to the ideal of "public" education, which means that the "public" has an obligation to keep higher education as accessible and affordable as possible. We urge this committee to bear that perspective in mind as it determines appropriate levels for student financial assistance.

II. SYSTEM-WIDE ISSUES

The President has submitted several system-wide proposals regarding eligibility for financial assistance. Suffice it to say that we oppose almost all of them. We are particularly moved, however, to comment upon the following items:
1) THE "HIGH-SCHOOL DIPLOMA" REQUIREMENT. The President has suggested that in order to receive federal student aid an individual must have recieved a high school diploma or its equivalent. We oppose this proposal, since many students, particularly low-income students, are forced to drop out of high school for various economic or social reasons and later seek job training in the proprietary sector which they finance through student aid. We see no reason why educational opportunity should be denied to these people, who arguably need our support more than many other groups of potential aid recipients.
2) THE "SELF-HELP" REQUIREMENT. The President would require that any financial aid recipient contribute $800 towards their education, which could be paid for by work/study or student loans. It is our position that since most students do contribute to the maximum of their abilities to the cost of their education, and since a healthy majority of students are already employed, an additional self-help requirement is meaningless and will merely accelerate the trend into borrowing. We therefore oppose this requirement.

III. PROGRAM-SPECIFIC ISSUES

A. PELL GRANTS

This program, which in our view should be the cornerstone of all federal aid efforts, is currently suffering from a funding shortfall of approximately $859 million, a result of annual underestimating of Pell awards and the March 1 Gramm/Rudman cuts. This shortfall will necessitate implementation of the linear reduction formula, a process by which individual Pell awards are reduced.

We first suggest that an urgent priority of this committee should be a supplemental appropriation for the Pell program to make up at least a portion of the shortfall. The linear reduction formula is in our view another erosion of the Pell program, and we urge that it be avoided if at all possible.

We support continued funding of the Pell program, and oppose emphatically the administration's proposal to cut almost $1 billion from Pell. We believe that support of the Pell program must be the highest priority of this committee.

B. GUARANTEED STUDENT LOANS

Although we are extremely concerned about the recent upward spiral in student borrowing, we also recognize that some degree of "shared risk" through indebtedness is probably appropriate in some student aid packages. We therefore support the GSL program and urge adequate funding for it.

We additionally oppose the President's proposals to vary interest rates for the borrower and to cut benefits for the lender. Both proposals undercut the integrity of the program and make student loans a more difficult and risky proposition. We oppose increases in the origination fee; indeed, we would recommend eliminating the origination fee altogether as a subterfuge for cutting awards. We do support administration proposals, however, to extend the maximum time for loan repayment and to allow for loan consolidation.

We find Secretary Bennett's proposal for an income-contingent loan repayment schedule intriguing, and certainly reflective of the concern of many about borrowing serving as a disincentive for students to get involved in low-paying public-service careers. We reserve support for his proposal, however, until we have seen the specifics.

C. NATIONAL DIRECT STUDENT LOANS

We oppose any attempts to restructure the NDSL program along the lines of administration proposals, and support the continuation of NDSL as a necessary campus-based supplement to GSL. We again stress our opposition to the concept of a variable interest rate for the borrower, since the unpredictability of interest rates could well make post-secondary education a "quarter-to-quarter" decision for many students, which undermines the integrity of our educational system.

D. COLLEGE WORK/STUDY

The President's proposal to combine CWS and the Supplemental Educational Opportunity Grant into one program is a silly one, and well worth the curt dismissal it seems to have received. We believe strongly in the preservation of college work/study as a near-ideal form of student aid. We urge the subcommittee to support the college work/study program at the most ambitious level resources will allow.

E. TRIO PROGRAMS

The array of aid programs under the "TRIO" umbrella have made the difference in access to post-secondary education for literally thousands of Americans, and we strongly oppose strongly the administration's proposal to cut funding for these programs by 51%. We also oppose the recommendation that TRIO be re-shaped into a single block grant to institutions, since each TRIO program meets a separate need and does so quite well. It is our position that continued support of the TRIO programs in their present form should be a subcommittee priority. As the saying goes, "If it ain't broke, don't fix it."

STATEMENT OF OLE M. BERGE, PRESIDENT, BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES AND CHAIRMAN, RAILWAY LABOR EXECUTIVES' ASSOCIATION AND CHAIRMAN OF RAILWAY LABOR EXECUTIVES' ASSOCIATION COMMITTEE ON RAILROAD RETIREMENT

ACCOMPANIED BY:

JAMES R. SNYDER, CHAIRMAN, RAILWAY LABOR EXECUTIVES' ASSOCIATION LEGISLATIVE COMMITTEE

WILLIAM J. MAHONEY, RAILWAY LABOR EXECUTIVES' ASSOCIATION COUNSEL

PREPARED STATEMENT

Senator INOUYE. Our next witness is the president of the Brotherhood of Maintenance of Way Employees and chairman of the RLEA's committee on Railroad Retirement, Mr. Ole M. Berge. Welcome, sir.

Mr. BERGE. My name is Ole Berge, and I am president of the Brotherhood of Maintenance of Way Employees, I am chairman of the Railway Labor Executives' Association, or the RLEA, as well as chairman of the RLEA's Committee on Railroad Retirement. I am accompanied today by Mr. James Snyder, chairman of the RLEA Legislative Committee, and William J. Mahoney, RLEA counsel.

We have filed a prepared statement and ask that it be made a part of the record.

Senator INOUYE. Without objection, your statement and all other statements will be made part of the record.

Mr. BERGE. Thank you, sir.

[The statement follows:]

STATEMENT OF OLE M. BERGE

My name is Ole M. Berge. I am President of the Brotherhood of Maintenance of Way Employes and Chairman of the Railway Labor Executives' Association of RLEA as well as Chairman of the RLEA's Committee on Railroad Retirement.

The Railway Labor Executives' Association is an unincorporated association with which are affiliated the chief executive officers of all of the standard national and international railway labor unions in the United States. The organizations whose chief executive officers are members of the RLEA are listed below:

American Railway & Airway Supervisors Association, Division of BRAC
American Train Dispatchers Association
Brotherhood of Locomotive Engineers
Brotherhood of Maintenance of Way Employes
Brotherhood of Railroad Signalmen
Brotherhood Railway Carmen of the United States and Canada
Brotherhood of Railway, Airline & Steamship Clerks Freight Handlers, Express and Station Employes
Hotel & Restaurant Employees and Bartenders' International Union
International Association of Machinists and Aerospace Workers
International Brotherhood of Boilermakers and Blacksmiths
International Brotherhood of Electrical Workers
International Brotherhood of Firemen & Oilers
International Longshoremen's Association
National Marine Engineers' Beneficial Association
Seafarers International Union of North America
Sheet Metal Workers International Association
Transport Workers Union of America
United Transportation Union

Mr. Chairman, the last several months have been difficult ones for railroad retirees. We have been hit by a 3-way attack that is not over.

First, the Gramm-Rudman-Hollings Act made severe and unwarranted cuts in railroad retirement benefits. It eliminated our Tier 2 Cola. It reduced dual benefit payments for over 300,000 dual beneficiaries by 7.7%.

Next, the Budget Reconciliation Act substantially increased income tax for many railroad retirees and made an already complicated system even more complex and difficult to understand and administer.

Finally, the President submitted his budget for fiscal year 1987. That budget would eliminate our next Tier 2 Cola entirely. It would reduce all our future Cola's. It calls for brutal reductions in dual benefits. It would require reductions in disability benefits for any of our employees who recover under the Federal Employers' Liability Act for injuries suffered on their jobs. It threatens again to privatize our retirement system and transfer our unemployment program to the federal/ state system.

Mr. Chairman, these actions are not justified. They are, indeed, grossly unfair to the retired and disabled railroad workers of this country. In 1983, railroad labor and management joined in supporting one of the toughest and most agonizing pieces of legislation with which I have ever been involved. That was the Solvency Act of 1983. Its purpose was to save the Railroad Retirement Program which was then in financial trouble. Because of the sacrifices shared in that Act by rail labor, management and railroad retirees, the Act worked.

Rail labor and management agreed to have their already high employment taxes raised substantially. Employees now pay 4.25% over the social security rate. Employers now pay 14.75% over the social security rate. It should be emphasized that these rates are in addition to the social security level tax which both employees and carriers also pay.

Retirees made heavy contributions to the Solvency Act through dramatic benefit reductions, Cola offsets, and taxation of their Tier 2 benefits.

The Solvency Act saved the railroad retirement program. The latest report of the Board's actuary indicates that the system is sound for the rest of this century even under low employment assumptions.

As a result of the sacrifices made in the Solvency Act, the railroad retirement system can pay in full its obligations to railroad retirees. But this is only as a result of the sacrifices of labor, management, and retirees in accepting higher payroll taxes, benefit reductions, Cola offsets, and income tax on their annuities.

Despite the Solvency Act, Mr. Chairman, Gramm-Rudman eliminated our 1986 Tier 2 Cola. It did this even though our account is solvent; even though the savings stay in the account and cannot be used for any other purpose. And it did this despite the fact that the retirees have already been deprived of their 1984 and 1985 Tier 2 Cola's.

Gramm-Rudman reduced dual benefits even though dual beneficiaries have already suffered unprecedented benefit reductions. Dual beneficiaries were cut in the 1974 Act, and in the 1981 Amendments. They were cut in 1982, and they were just cut again in April. And, as railroad retirees, they also experienced all the other recent benefit reductions.

On top of Gramm-Rudman, the Budget Reconciliation Act came along and raised income tax for many retirees. The hardest hit will be disabled retirees who no longer can work in their regular railroad occupations. Early retirees and widows will also be affected by the tax change.

It is worth noting that the Tax Amendment was pushed through while the Administration was saying it would stand for no tax increase. And it was done while the Congress was working on a more appropriate vehicle if such a change was to be made. That vehicle is the tax reform legislation which could have balanced any tax increase on retirees with offsetting adjustments elsewhere.

Mr. Chairman, our retirees will not understand the changes made in the Budget Reconciliation Act. Almost 500,000 Tier I benefits will have to be recomputed. This will be just for tax purposes. Will retirees know the difference between an income tax Tier I and their actual Tier 1? Will the Railroad

Retirement Board be able to recompute 500,000 Tier I amounts by January 1, 1987?

Will the Board staff be able to do this, and keep track of 500,000 Tier 1 amounts under two different laws? Under one law for tax purposes and under the other so that they can make correct monthly annuity payments? Will it be able to do this and still maintain service to our constituents? We do not think so.

Notwithstanding the sacrifices in the Solvency Act, and Gramm-Rudman, and the Budget Reconciliation Act, the President's budget threatens even more harsh treatment for rail retirees.

Why is all this being done to a system financed by a Trust Fund which cannot be used for any other purpose? The answer is that all these unfair actions are being undertaken to help offset, on paper, deficits elsewhere to the federal budget. It is being done for no other reason.

Mr. Chairman, I am aware that this is an appropriations committee, not an authorization committee. But this Committee has always been sensitive and compassionate toward the retirees of our great Nation. It has always been understanding and helpful to railroad retirees. For that reason, I would call to your attention two matters which are within the jurisdiction of this Committee.

First, in view of the severe 7.7% reduction in dual benefits this year, I ask that the Committee consider nothing less than full funding of the dual benefit program for fiscal year 1987. Full funding would require $380,000,000. This is $12,000,000 less than this year's appropriation.

Mr. Chairman, we thought this issue was settled in 1974. We thought it was settled in 1981. And yet, dual benefits were severely cut in April. Anything less than full funding means more reductions in the annuities of individuals who have already been cut many times. It means again reducing benefits from levels retirees have been receiving, and have budgeted for, and which have been promised to them.

Second, Mr. Chairman, we are concerned that the implementation of the tax increase provisions of the Reconciliation Act will drain Railroad Retirement Board personnel from other functions. We are told that this tax change will be the most complicated administrative undertaking in the history of the Board.

Nevertheless, the Administration's budget calls for a reduction in the number of people available to administer our retirement program. Mr. Chairman, reductions in personnel in the Railroad Retirement Board at a time when they have this burdensome new task to perform would be disasterous. Service to our retirees surely would suffer. At the same time we are asked to spend $1,167,000 from our Trust Fund to hire 25 people to man the recently established office of Inspector General. We respectfully submit this makes no sense.

Mr. Chairman, as you know, the administrative expenses for railroad retirement are paid from the railroad account. These expenses include the cost of personnel. The railroad retirement account, of course, comes from taxes paid by rail employees and employers.

It should be noted that rail labor and management, which ultimately finance personnel costs, are not asking for a reduction in personnel.

It would indeed be unfair if railroad retirees suffered a loss of service because of a reduction in personnel that we fund ourselves at the same time the Board is trying to implement changes in the law creating the office of Inspector General which we did not want and do not need.

Given the enormous task of restructuring Tier I benefits for income tax purposes, and informing annuitants of this change and explaining it to them, more personnel is needed, not less.

Accordingly, we would respectfully request that this

Committee give serious consideration to granting the Railroad Retirement Board an increase in its personnel level from the current 1578 to 1623, the number requested by the Board in its 1987 budget submission.

Mr. Chairman, this Committee has always been sensitive and fair to the welfare of railroad retirees. It has always shown compassion. Railroad retirees are grateful for the efforts of this Committee. We ask again for your understanding and help on these two important issues.

Thank you.

Mr. BERGE. Mr. Chairman, the last several months have been very difficult ones for the railroad retirees. They have been hit by a three-way attack that is not over. First, the Gramm-Rudman-Hollings Act made severe and unwarranted cuts in railroad retirement benefits; it eliminated our tier II cost of living allowance [COLA]; it reduced dual payments for over 300,000 dual beneficiaries by 7.7 percent.

Next, the Budget Reconciliation Act substantially increased income tax for many railroad retirees, and made an already complicated system even more complex and difficult to understand and to administer. Finally, the President's fiscal year 1987 budget would eliminate our next tier II COLA entirely and reduce all of our future COLA's. It calls for brutal reductions in dual benefits. It would reduce board personnel and would require reductions in disability benefits for any of our members who recover under the Federal Employer's Liability Act for injuries suffered on their jobs; and again, threatens to privatize our retirement system and transfer our unemployment program to the Federal and State programs.

Mr. Chairman, these actions are not justified. They are indeed grossly unfair to the retired and disabled railroad workers of this country.

Almost 500,000 tier I benefits will have to be recomputed. This will be just for tax purposes. Will the reduced Railroad Retirement Board staff be able to recompute 500,000 tier I amounts by January 1, 1987, and keep track of 500,000 tier I amounts under two different laws; under one law for tax purposes and the other so that they can make correctly monthly annuity payments?

Will they be able to do this and still maintain their other vital services to our constituents? We do not think so. Why is all this being done to a system financed by a trust fund which cannot be used for any other purpose? The answer is that all these unfair actions are being undertaken to help offset, on paper, deficits elsewhere in the Federal budget. It is being done for no other reason.

Mr. Chairman, this committee has always been sensitive and helpful to the needs of railroad retirees, for that reason, we ask your help on three matters. First, in view of the severe 7.7 percent reductions in dual benefits already this year, we ask that the committee consider nothing less than full funding of the dual benefit program for fiscal year 1987. Full funding would require $380 million; that is, $12 million less than this fiscal year's appropriation. Anything less than full funding means again reducing benefits from the levels retirees have been receiving and have budgeted for and which have been promised to them.

Second, Mr. Chairman, we are concerned that the implementation of the tax increase provisions of the Reconciliation Act will drain Railroad Retirement Board personnel from other functions. We are told that this tax change will be the most complicated administrative undertaking in the history of the Board. Nevertheless, the administration's budget also calls for a reduction in the number of people available to administer our retirement program.

Reductions in personnel in the Railroad Retirement Board at a time when they have this burdensome new task to perform would be disastrous. Service to our retirees surely would suffer; at the same time, we are asked to spend almost $1.2 million from our trust fund to hire 25 people to man the recently established Office of Inspector General. We respectfully submit that this makes no sense. It would indeed be unfair if railroad retirees suffered a loss of service because of a reduction in personnel that we fund ourselves at the same time the Board is trying to hire 25 people to implement changes in the law creating the Office of Inspector General, which we did not want and do not need.

Mr. Chairman, railroad retirees are grateful for the efforts of this committee on their behalf. We ask again for your understanding and help on these important issues. Thank you very much.

Senator INOUYE. All I can say, sir, is that we will do our best, and maybe our best will not be enough. But I know the chairman feels the same way; that it is wrong for us to deny you what you have expected all these years while you face your autumn years. We will do our best.

Mr. BERGE. Thank you very much.

STATEMENT OF ANDREW M. RIPP, VICE PRESIDENT, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS AND MEMBER, RAILROAD LABOR EXECUTIVES' ASSOCIATION

PREPARED STATEMENT

Senator INOUYE. Thank you. Our next witness is the vice president of the International Brotherhood of Electrical Workers and a member of the Railroad Labor Executives, Association, Mr. Andrew Ripp.

SPEAKER. Mr. Chairman, Mr. Ripp was called into an emergency mediation with the National Mediation Board this morning. He called me on the phone and asked if I would be good enough to ask that his statement be placed in the record a formal statement——

Senator INOUYE. His full statement will be made a part of the record, and I presume—I have looked over them—that it ties in with Mr. Berge's statement.

SPEAKER. It does. But it is directed toward appropriations for the National Mediation Board and the National Railroad Adjustment Board. And I have a copy of the oral statement, which the reporter has, and if that could also be placed in. Thank you very much.

Senator INOUYE. Thank you, sir.

[The statement follows:]

Statements of Andrew M. Ripp

MY NAME IS ANDREW M. RIPP. I AM VICE PRESIDENT OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS AND A MEMBER OF THE RAILWAY LABOR EXECUTIVES' ASSOCIATION. I APPEAR BEFORE YOU AS CHAIRMAN OF THE ASSOCIATION'S COMMITTEE ON THE RAILWAY LABOR ACT.

WE URGENTLY REQUEST YOU NOT TO PERMIT A REDUCTION IN THE $6.54 MILLION APPROPRATION TO THE NATIONAL MEDIATION BOARD BECAUSE THE NMB, AS THE ADMINISTRATOR OF THE NATIONAL RAILROAD ADJUSTMENT BOARD AND THE SUPPLEMENTAL BOARDS CREATED BY THE 1966 AMENDMENTS TO THE RAILWAY LABOR ACT, WILL PLACE THE ENTIRE BURDEN OF THAT REDUCTION UPON THE SERVICES RENDERED EMPLOYEES TO RESOLVE THEIR GRIEVANCES UNDER THE ACT.

AT THE PRESENT TIME, SOME 30,000 CASES ARE PENDING INVOLVING EMPLOYEE GRIEVANCES. IN 1986, SOME $2.12 MILLION IS TO BE PAID REFEREES. WE ARE TOLD THAT $209,000 OF THE $218,000 GRAMM-RUDMAN REDUCTION IS TO COME OUT OF THE MONIES BUDGETED FOR REFEREES. THE PURPOSE OF THE NRAB IS TO SERVE THE RAILROAD EMPLOYEES OF THIS NATION NOT THE BOARD'S ADMINISTRATOR OR ITS OTHER FULL-TIME EMPLOYEES. THERE IS NO REASON TO CUT BY SOME 10% THE VERY PURPOSE OF THE BOARD'S EXISTENCE WHILE CUTTING THE NMB/NRAB HOUSEKEEPING FUNCTIONS BY 1%.

THE CONGRESS HAS MADE A NUMBER OF SIGNIFICANT CHANGES IN THE RAILWAY LABOR ACT SINCE THE NRAB WAS CREATED AND BEGAN FUNCTIONING IN 1934. AT NO TIME HAS THE CONGRESS INDICATED THAT THE SERVICES PROVIDED BY THE BOARD SHOULD BE CURTAILED.

THE SCHEME OF THE RAILWAY LABOR ACT IS VERY DIFFERENT FROM THAT OF THE LABOR MANAGEMENT RELATIONS ACT BECAUSE ONE OF THE FORMER ACTS MAJOR PURPOSES WAS, AND IS, TO REDUCE THE OCCASION FOR STRIKES IN THE RAILROAD INDUSTRY TO AN ABSOLUTE MINIMUM. IT HAS BEEN PRAISED BY LEGISLATORS, THE COURTS AND LEGAL SCHOLARS ALIKE FOR THE MANNER IN WHICH IT HAS ACCOMPLISHED THAT OBJECTIVE - AN OBJECTIVE WHICH NMB/OMB WOULD NOW DESTROY BY ARBITRARILY AND EFFECTIVELY PHASING OUT BOTH THE NRAB AND THE SUPPLEMENTAL BOARDS.

IT IS THE VIEW OF RAIL LABOR THAT IF NMB/OMB ACHIEVE THEIR GOAL, THE BASIS FOR RAIL LABOR'S HAVING GIVEN UP ITS RIGHT TO STRIKE OVER GRIEVANCES WILL HAVE BEEN REMOVED. THERE WILL BE IN LAW NO COMPULSORY ARBITRATION REQUIREMENT ON MANAGEMENT OR LABOR IN THE RAILROAD INDUSTRY BECAUSE THERE WILL BE NO PLACE WHERE THE PARTIES WILL BE ABLE EFFECTIVELY TO SUBMIT THEIR GRIEVANCES TO BE ARBITRATED. SINCE THE CHICAGO RIVER DECISION HELD THAT RAIL UNIONS CANNOT STRIKE BECAUSE OF THE EXISTENCE OF AN ARBITRATION BOARD TO WHICH THEY MUST SUBMIT THEIR "MINOR" DISPUTES, IT WOULD SEEM QUITE CLEAR THAT THE EFFECTIVE ABSENCE OF SUCH A BOARD OR ITS ABILITY TO PERFORM THE SERVICES FOR WHICH IT WAS DESIGNED AND CREATED, ENABLES THE RAIL UNIONS TO STRIKE OVER SUCH DISPUTES JUST AS DO UNIONS IN OTHER INDUSTRIES. THE NMB/OMB GOAL, IF ACHIEVED, WILL PLUNGE RAIL TRANSPORT INTO CHAOS.

A TOTAL APPROPRIATION OF $2,624,000 IS NECESSARY TO ENABLE THE NRAB (TOGETHER WITH THE SPECIAL BOARDS) TO CARRY OUT ITS STATUTORY

FUNCTIONS AND THE OBJECTIVES OF THE LABOR PEACE SO CAREFULLY DESIGNED INTO THE RAILWAY LABOR ACT. WE URGENTLY REQUEST THAT APPROPRIATION BE MADE FOR THE USE OF THE NRAB WITH A CLEAR DIRECTIVE FROM THIS COMMITTEE THAT AT LEAST $2.12 MILLION OF THAT AMOUNT BE USED FOR THE EMPLOYMENT OF REFEREES. THE NRAB MUST BE ALLOWED TO DO THE JOB IT WAS CREATED TO DO IF CONGRESS IS TO KEEP THE BARGAIN IT MADE WITH RAIL LABOR IN 1934.

THANK YOU.

My name is Andrew M. Ripp. I am Vice President of the International Brotherhood of Electrical Workers and a member of the Railway Labor Executives' Association. I appear before you as Chairman of the Association's Committee on the Railway Labor Act.

The Railway Labor Executives' Association is an unincorporated association with offices in Washington, D.C., whose membership consists of the chief executive officers of all of the standard national and international railway labor unions in the United States. The organizations whose chief executive officers are members of the RLEA are listed below:

American Railway & Airway Supervisors Association, Division of BRAC
American Train Dispatchers Association
Brotherhood of Locomotive Engineers
Brotherhood of Maintenance of Way Employes
Brotherhood of Railroad Signalmen
Brotherhood Railway Carmen of the United States and Canada
Brotherhood of Railway, Airline & Steamship Clerks
Hotel & Restaurant Employees and Bartenders International Union
International Association of Machinists & Aerospace Workers
International Brotherhood of Boilermakers & Blacksmiths
International Brotherhood of Electrical Workers
International Brotherhood of Firemen & Oilers
International Longshoremen's Association
National Marine Engineers' Beneficial Association
Sheet Metal Workers' International Association
Seafarers International Union of North America

Transport Workers Union of America
United Transportation Union

We urgently request you not to permit a reduction in the $6.54 million appropriation to the National Mediation Board because the NMB, as the administrator of the National Railroad Adjustment Board and the supplemental boards created by the 1966 amendments to the Railway Labor Act, will place the entire burden of that reduction upon the services rendered employees to resolve their grievances under the Act.

For some years, the NMB has engaged in a program of phasing out the NRAB. It deprived the members of the Board of office space rendering the operation of the Board much more difficult and time consuming. It repeatedly cut the time neutral referees could spend on cases until, at the present time, the maximum time permitted to be spent by any referee is nine days per month and some have been reduced to four days per month. This obviously limits the number of cases which can be heard and extends the time between hearing and decision by many months in every case. These delays are particularly injurious to employees who have been wrongfully suspended or discharged and must await the referees' decisions before they can be reinstated in their jobs.

At the present time, some 30,000 cases are pending involving employee grievances. In 1986, some $2.12 million is to be paid referees. We are told that $209,000 of the $218,000 Gramm-Rudman reduction is to come out of the monies budgeted for referees. The purpose of the NRAB is to serve the railroad employees of this Nation not the Board's administrator or its other full-time employees. There is no reason to cut by some 10% the very purpose of the Board's existence while cutting the NMB/NRAB housekeeping functions by 1%.

The law permits employees in other industries to strike over grievances or violations of their contracts; employees in the rail industry cannot do so. They must submit such disputes to a standing arbitration board - the NRAB. In order to secure a means of resolving disputes over the interpretation and application of collective bargaining agreements in the railroad industry, the rail unions in 1934 were compelled to give up their right to strike over "minor" disputes, that is, grievances and contract violations. And, when in 1957 a union took the position that the Act gave it discretion to go to the Board or to strike over its grievance, the Supreme Court held otherwise and emphatically based its decision upon its conviction, clearly demonstrated in the legislative history of the 1934 Act, that labor had traded its right to strike over "minor" disputes for a standing arbitration board created and maintained by the federal government. In Brotherhood of Railroad Trainmen v. Chicago River and Indiana Railroad Company, 353 U.S. 30 at 37 (1957), Chief Justice Warren, speaking for a unanimous Court said:

> The change was made with the full concurrence of the national railway labor organizations. Commissioner Joseph B. Eastman, Federal Coordinator of Transportation and principal draftsman of the 1934 bill, complimented the unions on conceding the right to strike over "minor disputes" in favor of the procedures of the Adjustment Board. (Emphasis supplied.)

Recognition of this concession of the right to strike as the quid pro quo for a federally financed compulsory arbitration board is repeated throughout the two succeeding pages of the Supreme Court's opinion in the Chicago River case.

The Congress has made a number of significant changes in the Railway Labor Act since the NRAB was created and began functioning in 1934. At no time has the Congress indicated that the services provided by the Board should be curtailed.

The scheme of the Railway Labor Act is very different from that of the Labor Management Relations Act because one of the former acts major purposes was, and is, to reduce the occasion for strikes in the railroad industry to an absolute minimum. It has been praised by legislators, the courts and legal scholars alike for the manner in which it has accomplished that objective - an objective which NMB/OMB would now destroy by arbitrarily and effectively phasing out both the NRAB and the supplemental boards.

It is the view of rail labor that if NMB/OMB achieve their goal, the basis for the Supreme Court's decision in the Chicago River case will have been removed. There will be in law no compulsory arbitration requirement on management or labor in the railroad industry because there will be no place where the parties will be able effectively to submit their grievances to be arbitrated. Since the Chicago River decision held that rail unions cannot strike because of the existence of an arbitration board to which they must submit their "minor" disputes, it would seem quite clear that the effective absence of such a board or its ability to perform the services for which it was designed and created, enables the rail unions to strike over such disputes just as do unions in other industries. The NMB/OMB goal, if achieved, will plunge rail transport into chaos.

A total appropriation of $2,624,000 is necessary to enable the NRAB (together with the Special Boards) to carry out its statutory functions and the objectives of the labor peace so carefully designed into the Railway Labor Act. We urgently request that appropriation be made for the use of the NRAB with a clear directive from this Committee that at least $2.12 million of that amount be used for the employment of referees. The NRAB must be allowed to do the job it was created to do if Congress is to keep the bargain it made with rail labor in 1934.

Thank you.

STATEMENT OF DAVID V.B. BRITT, EXECUTIVE VICE PRESIDENT, CHILDREN'S TELEVISION WORKSHOP

Senator INOUYE. Our next witness is the executive vice president of the Children's Television Workshop, David V. B. Britt. What does V.B. stand for?

Mr. BRITT. That is my father's fault, sir. Stands for Van Buren. For some reason, his political hero.

Senator INOUYE. That sounds distinguished. It might sound more distinguished if it were D. Van Buren Britt. [Laughter.]

Mr. BRITT. Mr. Chairman, I am here first to thank this subcommittee for its efforts on behalf of the work that we do at Children's Television Workshop over the years. You in particular, the chairman and all of the members of the subcommittee have been most gracious and most helpful to what we are trying to do.

Today I am here to urge you and the subcommittee to support appropriations of at least the authorized level of funds for the Corporation for Public Broadcasting [CPB] for fiscal year 1989, and to direct the Department of Education to commit more funds for educational television, particularly in the areas of science and math.

Funds from CPB will be used in part by public television stations to help support "Sesame Street." Funding has been provided by both CPB and the Secretary's discretional funds of the Department of Education for "3-2-1 Contact," our educational television series that makes science more appealing and understandable to millions of 8 to 12 year olds, as well as our new mathematics series, also for 8 to 12 year olds.

This new series will help address the national crisis in math education by using the power of television to motivate children to learn and use mathematics and to apply problem-solving skills.

CPB and the Department of Education have each committed $3 million to the first season of the math series. Additional funds are being provided by the National Science Foundation [NSF] to private foundations and the IBM Corp.

Federal funds are essential to leverage private moneys into a project of this type. And the other funders have already expressed interest in "Season Two," but it appears that the Department of Education will not, thus threatening to break down the funding consortium essential to continue.

NSF made a 5-year commitment to provide $1.5 million plus each year for "3-2-1 Contact." The planned funding effort included matching money from Department of Education; however, the Department of Education has provided on $1 million a year for the first 3 years and plans to provide no funds at all in the future.

CPB has been providing $1 million each year toward "3-2-1 Contact" and plans to continue to do so for at least two more seasons. So it seems that just as we can put together for the first time a daily hour of educational programming for 8 to 12 year old's in math and science, the Department of Education is going to end its support, leaving a gap of at least $3 million per year for minimal continuation of this national attack on a major educational crisis.

Experts agree that the United States will lose its edge in economic and technological competition wihtout a very rapid improvement in science, engineering, and mathematics education. That problem begins in the elementary grades when most children learn to lose interest in both of those subjects.

We can help by giving sustained support to children's educational television; a mechanism that is already in place, that is highly cost effective. For example, "3–2–1 Contact" costs about one penny per person per viewing, and is available and appealing to rich and poor and to girls and boys alike.

Math and science illiteracy is a national fact of life, but there are no television illiterates. Children watch for better and for worse, I am afraid, on average 27 hours per week; as much or more time as most of them spend in school. Your support has shown that children's television can be constructively educational.

Our own programs, such as "Sesame Street" and "3–2–1 Contact" have proved that children will watch, will pay attention to, and will learn from educational programming that is carefully designed and effectively produced for them.

The backbone of public television is its children's educational television service. Therefore, we urge you to support full funding for the Corporation for Public Broadcasting. Similarly, direct Federal funding is necessary for continuation of programs such as "3–2–1 Contact" and our math series, and we, therefore, urge that the Department of Education be directed to provide more funding for educational television for our children.

Thank you, sir.

PREPARED STATEMENT

Senator INOUYE. Thank you. We will place your statement in the record at this point.

[The statement follows:]

STATEMENT OF DAVID V.B. BRITT

Thank you for the opportunity to appear before you today. I want to urge the Subcommittee to maintain an adequate level of quality educational television programming for this nation's children. Specifically, I am here to ask you and your Subcommittee to:

-- support the full authorized level of funds for the Corporation for Public Broadcasting for FY 1989;

-- encourage the Department of Education to commit more funds for educational television, particularly in the areas of science and math.

Children's Television Workshop has a direct interest in these appropriations. Community Service Grants from CPB will be used in part by public television stations to help support SESAME STREET; funding has been provided by both CPB and the Department of Education for 3-2-1 CONTACT (our educational television series that makes science more appealing and understandable to millions of 8-to-12 year-olds); and our major new mathematics series SQUARE ONE TV, also for 8-to-12 year-olds.

This new mathematics series will help address the national crisis in math education by using the power and impact of television:

-- to promote enthusiasm for and interest in mathematics;
-- to encourage the use and application of problem-solving strategies in mathematics;
-- and to present sound mathematical content in an interesting and meaningful way.

The 75 half-hour programs wil be suitable for viewing both at home and in the classroom, and teacher guides will be available. The anticipated airdate is January 1987. As with 3-2-1 CONTACT, we anticipate that the series will be broadcast by most of the public television stations around the country both during the day for in-school use and in the late afternoon for home viewing.

CPB and DOE have each committed $3.0 million to the math series. The National Science Foundation is providing $5.0 million and additional funds are being provided by Carnegie Corporation of New York, the Andrew W. Mellon Foundation and the IBM Corporation. Federal funds are essential in leveraging private monies into a project of this type. With federal support in place, our discussions with IBM resulted in a major production grant from them, and IBM is the first corporation in a long time to make a large committment to children's programming.

Other funders have already expressed interest in Season Two of the math series, but it appears that DOE will not continue its participation, thus threatening to break down the funding consortium essential for continuation.

Regarding our children's science series, 3-2-1 CONTACT, the National Science Foundation made a 5 year commitment to provide $1.5 million plus each year. The planned funding effort had included matching money from DOE. However DOE has provided only $1.0 million in each of 3 years and plans to provide no funds for the future. This lack of continuation funding from DOE seriously threatens our ability to continue production of the minimal 20 shows per year. This is particularly bad news when, for the first time, we are in a position to be able to begin to put together a daily hour of educational programming for 8-to-12 year-olds (a half-hour of math and a half-hour of science, 3-2-1 CONTACT).

CPB has been providing $1.0 million each fiscal year toward 3-2-1 CONTACT and plans to continue to do so for at least two additional seasons.

Season one of the new math series is the first significant addition of new programming to the PBS children's block since 3-2-1 CONTACT started in 1980. This children's block is the only sustained educational programming available for children. Since children are going to watch television anyway, it is crucial to provide and sustain entertaining and informative age-appropriate programming for them. Continuation of these programs of science and math education at minimal levels faces a gap of at least $3 million per year in DOE funds.

A report issued in March by the prestigious National Science Foundation Board states "The deterioration of collegiate science, mathematics and engineering education is a grave long-term threat to the nation's scientific and technical capacity, its industrial and economic competitiveness, and the strength of its national defense." The report says that fewer students are choosing careers in science and engineering, that certain specialties are not attracting the entrants they need and that enrollment in teacher education in mathematics and the sciences is "critically low."

Mr. Chandler, President of the Association of American Colleges said "The United States cannot keep its technological edge and its edge in economic competition unless there is very rapid improvement in education in science, engineering and mathematics."

The above mentioned report focuses on the college level. However, the national problem with scientific and math literacy starts at the elementary grades, where teachers are least prepared to teach science or math. The fact is that children in this country -- most especially girls and minorities -- are uninterested and turned-off by math and science by the time they begin high school. Positive motivation, interest and a sense that they can master these subjects needs to occur in the elementary years.

These, of course, are precisely the goals of 3-2-1 CONTACT and our math series. Television can supplement work in the schools, and do things visually in these subjects which most schools simply cannot.

Each week on average 4 million viewers watch 3-2-1 CONTACT at home. With the combination of some new programs each year and repeat airings of earlier seasons, 3-2-1 CONTACT costs only one penny per-person per-viewing.

Children's Television Workshop works hard to ensure that our programs have an impact beyond the screen. 3-2-1 CONTACT teacher's guides are provided and teacher training workshops conducted around the country. Over 750,000 copies of the teacher's guide have been distributed so far. Strong participatory activities are taking place with a variety of organizations such as science museums and the Girl Scouts of America. Science clubs for children based on the series are also gaining momentum, with club packages and activity guides being provided. Similar activities will take place around the math series

Children are a very under-served portion of our population. Senator Moynihan's book "Family And Nation" points out the declining condition of this nation's children, which is largely a result of the changing family structure, specifically the increase in the number of single-parent families. They are the "new" poor of our country.

We can help them by giving sustained attention to children's television -- a mechanism that is already in place to provide additional programming. It is a highly cost effective means of supplemental education -- available and appealing to rich and poor -- girls and boys alike.

It is vital to increase the momentum of constructive programming at a critical time in our children's lives.

Math and science illiteracy is a national fact of life, but there are no television illiterates -- children watch it every day. From six to eleven years-old, on average they watch 27 hours per week -- as much, or more, time as most spend in school.

Our choices are not limited to trying to mitigate the widely perceived bad effects of television for children. With your support childrens television can be constructively educational and cost effective. Our own programs -- SESAME STREET, THE ELECTRIC COMPANY, 3-2-1 CONTACT, as well as other educational programs, have proved that children will watch, pay attention to and learn from educational programming carefully designed and effectively produced for them.

In many respects the backbone of public television is its educational services, and it is these services that are the most dependent on Federal funding. The Corporation for Public Broadcasting needs and merits your full support.

Federal funding is essential to ensure the production of programs such as 3-2-1 CONTACT and our math series, and the Department of Education is an essential funding source for these educational television efforts.

We urge that the Department of Education be directed to provide more funding for educational television, as a cost-effective investment in the education of our children, and particularly in the crucially important areas of science and math.

Thank you.

Senator INOUYE. The in word is high tech. Everyone speaks of high tech, and it reminds me of a report that I read 2 years ago. In 1984, 6 percent of our college graduates receiving baccalaureates majored in engineering or mathematics. At the same time, 40 percent of the graduating classes in Japanese colleges and universities majored in mathematics and engineering.

I am not suggesting that 40 percent of our students major in mathematics and engineering, but I think it shows where the Japanese are headed, and where we are headed. And I concur with the chairman that the least we can do is to take the first important step, and that is with kids 8 to 12.

Mr. BRITT. Thank you. I think that is correct, and it is not only Japan; it is the European countries and the Eastern countries as well that are mandating those kinds of——

Senator INOUYE. Now they all have these TV programs. We are well aware of that.

Mr. BRITT. Yes; indeed, they do.

Senator INOUYE. And they all support it, and it is financed by the Government.

Mr. BRITT. That is also true.

Senator INOUYE. And they don't go out to the private sector to get the money.

Mr. BRITT. No, no; they do not.

Senator INOUYE. This is a big priority to them.

Mr. BRITT. Right.

Senator INOUYE. Somehow that message hasn't reached us yet.

Mr. BRITT. Well, I hope it will soon.

Senator INOUYE. We will do our best, sir.

Mr. BRITT. Thank you, sir.

STATEMENT OF DOUGLAS J. BENNET, PRESIDENT, NATIONAL PUBLIC RADIO

Senator INOUYE. Our next witness is the president of the National Public Radio [NPR], Douglas J. Bennet.

Mr. Bennet, it is always good to see you.

Mr. BENNET. It is always a pleasure to see you.

Senator INOUYE. Usually you were sitting on this side.

Mr. BENNET. Well, I used to sit on that side, and then I sat on this side, and the difference was that the number of zeros was slightly larger, and I am afraid the contentiousness of the issue was larger when I was head of the Agency for International Development, but it is a pleasure to see you.

Mr. BENNET. I am now representing 330 public radio stations around the country. The committee has stood with those stations in the past in difficult times in recent years, and the report I bring you today is basically a very good one.

The debt that we had incurred with the Corporation for Public Broadcasting will be paid at the end of this fiscal year. The membership of NPR is growing. The audience for National Public Radio programs and for the public radio system in general continues to grow.

Our programming at National Public Radio, all things considered, the morning edition and the cultural programming is in good shape, and the number of hours is expanding.

So I think I can say, when I say thank you to the committee for standing by National Public Radio in a time of trial, I think that I can report that we have made good on the confidence that you have shown us.

We have restructured the public radio system in fundamental ways, which the committee is aware of. Henceforth, the radio money or most of the radio money that goes to the Corporation for Public Broadcasting will go directly to public radio stations, and National Public Radio will go to the stations, in turn, for the largest share of its support, rather than having its programs supported directly by the Corporation for Public Broadcasting.

There are some uncertainties in any fundamental institutional change of this kind, but I feel very confident that it is going to make for a healthier and more vibrant system. We feel confident that the services that the committee has supported over the years will not only be sustained but enhanced by the new arrangement.

The authorization that has just been signed by the President envisions $238 million for public broadcasting in 1989, the year in question, and I want to second my friend and colleague, Dave Britt's, urging that the committee fully fund that amount. The implications for radio would be an increase of about 11 percent or $5.4 million, and given the country's requirements that we are trying to serve in both the cultural news and educational areas, this seems like a very small price to pay.

You will have to answer the question, and your colleagues on the committee, well, why any increase at a time of some stringency? And I think the answers are two: One is, the number of stations is increasing, so that the net effect on the individual station will be about a break-even. The second answer is the service. We do something that the country does not get from other sources. We think it strengthens the country to be more sensitive to its culture, to be better able to hear itself performing and to have the high-quality news service that we try to provide, given the pressures that are on all of us.

Finally, I want to emphasize that the Federal contribution to public radio is 17 percent of the total. You mentioned other countries where the entire broadcast service is supported, not to mention the entire education service supported by the Government. In this case, it is an investment of $1 to generate $6. The Federal support is critically important in raising money from both audiences and other private sources. And so I think that the bottomline answer is that there is a big multiplier.

Senator, thank you for the opportunity to appear.

Senator INOUYE. How large is your national audience?

Mr. BENNET. It is a 9 million, 9½ million cumulative audience, which means that 9½ million people listen sometime each week. Our news programs have an audience in any quarter hour of about 750,000.

Senator INOUYE. Well, we will do our best.

PREPARED STATEMENT

Mr. BENNET. Thank you, sir. The committee always has.

I would ask you to have my prepared statement put in the record, and I understood you to say that all such statements forever would be.

Senator INOUYE. And we are going to read them all. [Laughter.]

[The statement follows:]

STATEMENT OF DOUGLAS J. BENNETT

Mr. Chairman, I am delighted to be here to testify, on behalf of National Public Radio and its more than 300 member stations, in support of funding for the Corporation for Public Broadcasting. As you know, because of the forward funding mechanism Congress has put in place for public broadcasting, we are discussing the FY 1989 CPB appropriation.

I am especially pleased to be seeking funding in the proper sequence. For the past two years this Subcommittee has funded public broadcasting without an authorization bill in place. I know this is not the way you prefer to do business, Mr. Chairman, and we are grateful for your support as well as your indulgence.

This year we do come before you with an authorization bill in place. On April 7 the President signed H.R. 3128, the Consolidated Omnibus Budget Reconciliation Bill, which includes funding levels for CPB through 1990. This legislation, P.L. 99-272, authorizes CPB at $238 million for FY 1989, which is the funding level we seek today.

I am also happy to report a number of positive developments at National Public Radio to the Committee. These include new programming initiatives -- the successful launching of WEEKEND EDITION, the Saturday version of NPR's award-winning news program MORNING EDITION; the development of an exciting new concert music and arts information program scheduled to debut this fall -- as well as substantial progress in returning NPR to sound financial footing.

NPR Regains Sound Financial Footing

NPR ended fiscal year 1985 with a positive fund balance of a little over $1 million. The $7 million debt to CPB, incurred at the time of our 1983 financial crisis, will be repaid on time or even ahead of schedule at the end of this fiscal year. NPR made a $1.5 million payment to CPB at the end of March, leaving an outstanding balance of only $226,000. We are proud of our repayment record, made possible by our member stations assuming the responsibility for repaying the CPB loan.

In addition to assuming responsibility for repaying the CPB loan, our member stations have also registered other impressive gains. Now numbering 331, up from 303 at the end of fiscal year 1984, their increased number and listenership helped boost NPR's audience by 12% in FY 1985.

After 15 years of growth and development, a number of stations now produce local programming of national quality, which is distributed across the country by NPR through the public radio satellite interconnection system. This is especially true for arts and performance programming. MARIAN MCPARTLAND'S PIANO JAZZ, produced by the South Carolina Educational Radio Network; A MUSICAL OFFERING, the classical music series produced by WBUR in Boston, and folk programs produced by WCMU, Mt. Pleasant Michigan; WBEZ, Chicago, and West Virginia Public Radio are just a few examples of such programs.

It is this partnership between strong national programming and strong community involvement and support which gives public radio its special character.

Quality National Programming and Strong Local Involvement are NPR Hallmarks

National Public Radio is known for its quality program content. During FY 1985, NPR programs were honored with 20 broadcast awards. Nine of the winners aired on ALL THINGS CONSIDERED and 5 on MORNING EDITION, with the others divided among other offerings.

News and information programs continue to lead the system in listenership. While NPR's audience grew 12% overall last year, the audience for MORNING EDITION grew a spectacular 32%.

But quality national programming would be meaningless without local stations to carry it into every state in the country. We are proud of the record of increased audience and local support established by our member stations. Subscriber income for public radio grew by 14 percent between FY 1984 and FY 1985. This significant increase in listener support reflects the special relationship public radio stations have with their listeners, and with their communities.

Each radio station builds this relationship in its own way. It might be a significant effort to support the local arts community, as WFCR, Amherst, Massachusetts does by sponsoring the New England Arts Biennial, or WUFT, Gainesville, Florida, does by organizing an open air concert on the Fourth of July. It might be WKYU, Bowling, Green, Kentucky, bringing National Press Club luncheon addresses to the Cumberland area of Kentucky. It might be WHYY in Philadelphia giving live coverage to the hearings on the handling of the confrontation with the MOVE group and subsequent destruction of a neighborhood.

The evidence of public radio's contribution to enhanced quality of life and service to the community is in every station manager's files -- the letter from the local symphony conductor, or museum director, citing the increase in attendance after his public radio station noted an event. The public service commendation from the governor for staying on the air and giving up-to-the-minute hurricane or flood bulletins -- sometimes via the only broadcast signal remaining of the air, as was the case in parts of West Virginia during their devastating flood last year. All these things build the kind of community support that leads people to dig into their pockets and send contributions for a service they can receive for free.

New Business Plan Reflects Growing Maturity of National Public Radio System

The increasing strength of local stations has led the NPR membership to develop a bold new business plan. The plan, which has CPB's approval, will put all but a small percentage of radio funds directly into the hands of the stations. In FY 1987, for example, the Public Broadcasting Act formula gives $45 million of the $200 million CPB appropriation to the public radio system. Of that $45 million, all but $3.1 million will go directly to stations, which may use these increased funds to produce their own programming, support NPR, and acquire programming from other sources.

Although the plan is not without risk, we believe it will ultimately benefit listeners, because a majority of radio funds will be spent at the discretion of the local licensee, in ways which he or she believes best serve the needs of his community.

I might add that we are very pleased that Sid Brown, former chief of budget review for the Senate Budget Committee, has come to work for NPR as vice president for finance. His considerable skills will be a great help to us as we move to the new business plan.

We also believe this system will continue to provide the "critical mass" of resources necessary to continue NPR's hallmark national programming. In fact, at the NPR Board Meeting held last month, stations adopted an FY 1987 budget which stated that maintaining the current service level was critical, and also recommended expanding news and information programming to seven days a week, in both mornings and afternoons.

However, the new business plan is not on automatic pilot. It will be carefully evaluated each year both by the Corporation for Public Broadcasting and by us, to make sure it is working within the confines of the Public Broadcasting Act.

Importance of Federal Commitment

With increasing station membership and listener support, one might ask whether there continues to be a role for federal funding in public radio. There most certainly is.

Every federal dollar appropriated to public broadcasting leverages $6-7 in non-federal income. This record is among the best of any federal program. Over and over again station managers tell us of the importance of federal money to their fundraising efforts. Station WEVO in Concord, New Hampshire, has one of the highest percentages of listener support in the system -- 15% of its listeners are members. The station also enjoys significant corporate and foundation support. Yet station manager Marjon van den Bosch says this outstanding record of financial support is definitely the result of a public/private partnership. "Corporate and foundation funders like to know that their gift has an impact on the amount of federal funding. We use CPB Community Service Grant funds almost as a challenge grant," she notes.

Beyond its role as a proven catalyst in building other support, the federal portion of stations' budgets provides relatively unrestricted funds which allow for long-term program development and planning. The importance of this money is far greater than its numerical percentage -- now at 17% for public radio stations.

The system could not support program development without the help of CPB funding -- the research and development money of public broadcasting. Typically, it takes 8 months to a year or more to bring a program idea to the point where it can be taken to outside funders. The new concert music series, which we expect to be very popular with both stations and underwriters, has been in development for a full year, for example.

Most corporate and individual donors want their gift tied to a proven product. They are not very interested in underwriting a new venture that may not be aired for a year or more. Commercial broadcasting also cannot risk funds for experimentation and new program production. Often if the public broadcasting system doesn't develop new program concepts, it just won't get done. Forward funding helps accomplish this objective, and is also of great importance to insulating programming from political influence.

Taken together, all this means that the Administration's expired CPB rescission request of $44 million in FY 1988, and sharply reduced out year funding levels, would simply be devastating. There is no doubt that it would dry up the programming pipeline and force stations off the air. Many stations are already struggling under the impact of reduced oil revenues and depressed farm economies on state and subscriber support. Further reductions could push a number of these stations over the edge financially.

Thus, new reductions would seriously erode the financial foundation of a national telecommunications system which currently generates approximately $800 million in non-federal dollars. For radio, the proposed FY 1988 rescission would have meant a 21%, or $10 million, reduction in support for national program production and stations at a time when the number of stations eligible to receive CPB financial assistance is growing. The result would have been little or no growth in funds available for local station operations.

Reductions would also seriously impair one of the greatest assets of the public radio system -- its ability to serve as a medium by which local communities help themselves. Under the new federal budget realities, more and more services will have to be provided for our citizens at the local level. Public radio makes a unique contribution in helping local communities do just that, whether it's advising residents of remote Alaskan communities on health issues, or getting the word out to the elderly on community services available to them.

Summary

In closing, I would just like to say a few words in reference to funding for public broadcasting in the climate of fiscal constraint which we all face.

I am aware of the budget pressures under which the Committee is operating. In scrutinizing federal spending to reduce the federal budget deficit, it is clearly a time for choosing. Congress must exercise its authority to examine each program on its merits.

Corporation for Public Broadcasting appropriations benefit every state in the nation. These funds play a significant role in enriching the lives of Americans, whether they live in Boston, Massachusetts; Rhinelander, Wisconsin; or Dillingham, Alaska. But such contributions are sometimes difficult to measure. How do you measure the value of stimulating the imagination of a young listener to "see" radio drama pictures? How do you measure the tolerance for ethnic differences which listening to folk music can bring? How do you measure the worth of bringing the finest in arts and performance programming to those who cannot afford to attend concerts, or to citizens of towns and villages located far from cultural centers?

Public radio helps provide these benefits -- benefits to our country, as well as to our listeners.

The United States has many needs. We also have many resources. A measure of our greatness as a nation can be found in the careful balancing of the distribution of those resources. NPR believes that funding at the highest possible level for public broadcasting belongs in that balance.

STATEMENTS OF:

JERRY FRANKLIN, GENERAL MANAGER, CONNECTICUT PUBLIC TELEVISION

PETER FANON, PRESIDENT, NATIONAL ASSOCIATION OF PUBLIC TELEVISION STATIONS

Senator **Inouye**. Well, our next witness is the general manager of the Connecticut Public Television, Mr. Jerry Franklin.

Mr. **Franklin**. Good morning, Senator.

Senator **Inouye**. Good morning.

Mr. **Franklin**. The president of our association, Mr. Peter Fanon, is also with us.

Mr. **Fanon**. Good morning, Mr. Chairman. Thank you for making the time for us this morning as always.

Now with your permission, we have a prepared statement, which we will submit for the record, but we would like to take just a moment and summarize that for you, sir.

Senator **Inouye**. It will be part of the record; yes, sir.

Mr. **Fanon**. My name is Peter Fanon, and I am the president of the National Association of Public Television Stations, representing nearly 185 public TV stations around the country, serving about 95 percent of the population with public television.

We are very grateful to you and the committee for your past support in helping public broadcasting now begin to recoup from the severe losses that we faced just a few years ago, and we appear this morning on behalf of a request for $238 million for fiscal year 1989 for the Corporation for Public Broadcasting.

We believe, Mr. Chairman, that public broadcasting and public television are becoming only more important to our society, and certainly more important in the realm that Mr. Bennet referred to, and that is providing services that none other are providing, and we believe that it is less likely that those services will appear from other sources in the future.

Nearly 100 million viewers partake of public television every week. Nearly 19 million school children use public television in school and at home, and hundreds of thousands of college and adult learning students are now participating as well, a very fast growing segment of our current activity and something we would like to expand and improve in the future. All of these folks, day in and day out, rely on public television for education, childhood development, information, news analysis, culture, and much, much more.

Together, public broadcasters work to pool their resources through the Corporation for Public Broadcasting's programming cash and cash raised locally through individual and private contributions and State contributions to develop programs for the future. We have been applying the funds that this committee has so generously supported in the last 2 years, 1987 and 1988 funds, and we are now in the process of committing those funds to refill the programming pipeline, which was run nearly dry about 4 years ago with the severe reductions in cash to the Corporation for Public Broadcasting.

The programming pipeline for future years, under our current plans, will include major new series, a series such as, in the coming year, "Essays on the Constitution," which is still about $2.5 million short of its total financing needs, but we believe it is launched well enough to try to tap some of that funding now from private sources.

Senator INOUYE. What will be the format of this new program?

Mr. FANON. That particular program is six hour-long programs dealing with issues in the development of the Constitution and its application to the current society.

In future years, we foresee programs—major history program initiatives dealing, for example, with Columbus and the Age of Discovery generally, also programs dealing with major health and science issues, one called "The Search for Mind," which is still many years down the road, again a series of hour-long programs, a "History of Medicine" series, an extraordinarily major undertaking by WNET in New York, and similar ventures.

The support that the Corporation provides for these kinds of programs, Mr. Chairman, is the support that allows us to bring teams together, hire talent, and begin to launch these efforts, so that they are far enough along that we can tap private resources to contribute to them as well.

The difficulty we have faced in the last year is rebuilding from the posture we were in with the cuts imposed in 1981. Last fall, public television had no major new domestically produced series on the air, and that was the direct result of the cash lost for programming ideas and projects shelved under the cuts of 1981. We believe if we can keep the momentum up to refill the programming pipeline that we will not only attract more viewers, but do a better job of serving the public's expectations of public television.

Here this morning, Mr. Chairman, is Mr. Jerry Franklin, who is the president and general manager of the Connecticut Public Broadcasting Network, who can talk a good deal about the specific kinds of activities going on there and in other States.

Mr. FRANKLIN. And although I will address my remarks to what we are doing on the local level in Connecticut, I think if you were to take a snapshot of all public broadcasting system [PBS] stations across the country, you would find that they, too, are engaged in such similar activities.

If you were to take a snapshot of our schedule every day you would find that we have 2½ hours of in-school programming. We also have a weekend block of community college credit courses. We provide weekly coverage of our State legislature, and we also provide regular coverage of key legislative hearings, and there is a series of documentaries and minority programming which we broadcast every week, and as I said, stations all across the country are doing similar things.

Our system as a whole the next year will join forces in producing and broadcasting a year-long series of special programs and outreach efforts that will address the adult illiteracy problem.

We, in Connecticut, are continuing to build our public radio network. We are adding a new station in the city of Stamford, and we have about 100,000 listeners each week who listen to Connecticut Public Radio.

About one-third of our television programming schedule is close-captioned for the hearing-impaired, and another show in development is a special dramatic production with the National Theater for the Deaf.

Senator INOUYE. How do you publicize the fact that there is a certain public radio station?

Mr. FRANKLIN. It is very difficult for us. We use direct mail. It is too expensive to——

Senator INOUYE. You know, I have searched all over the place to find public radio in the Washington area.

Mr. FRANKLIN. That is one of our problems. There is not enough money to really promote our system. We do cross promotion with our television frequency. We have five transmitters in the State. We are preaching to the converted, though, when we talk to our PBS viewers. It is very difficult to promote that we have a treasure, and you should listen to it.

In closing, I would just like to say that I think my colleagues all across America are making a difference, and I recall the words of our esteemed chairman when he was at our annual meeting just last week, and he challenged us, that we as individuals can make a difference, and he took a chapter from your life and talked about the difference you have made in this country. And he laid an emotional speech on the public broadcasting colleagues that goosebumps were on everyone's back.

And I think we are making a difference, and I think if we go back to those Draconian cuts of 1981, it would have severe implications on our system.

I appreciate the strong, strong role that you have taken and the chairman and other members of this committee, and we ask you to please do your best again.

Senator INOUYE. With Lowell Weicker at the helm, you don't have to worry too much. [Laughter.]

And if I may just add a postscript—and I know I shouldn't be advertising—but thank God for NOVA.

Mr. FANON. Thank you, sir. It is a widely viewed treasure.

PREPARED STATEMENT

Thanks very much, Mr. Chairman. We appreciate the time.

Senator INOUYE. Thank you.

[The statement follows:]

STATEMENT OF JERRY FRANKLIN

Mr. Chairman and Members of the Subcommittee, it is a pleasure for us to appear before you once again to provide this testimony in support of funds for FY1989 for the Corporation for Public Broadcasting (CPB).

First and foremost, however, we would like to thank you on behalf of the nation's non-commercial public television stations for your outstanding support last year in maintaining CPB's crucial forward funding process by providing an appropriation of $214 million for FY1988. The entire public television community -- 317 non-commercial, not-for-profit stations licensed to 184 community organizations, schools, colleges, universities, and local and state governments -- is very grateful for your support. Our stations continue to need the underpinning of support that forward funding provides in order to commit to future program plans that fulfill their mission to educate, inform, and enrich all Americans. With reasonable assurance on the levels of federal support available in the near future, stations can seek the other, private funds necessary to embark on major new program series, better local programming, and new public service projects for our society.

Summary of recommendation

We thank you for denying the President's rescission request, issued with his February budget, of $44 million from the $214 million appropriated last year for FY1988. We urge this Subcommittee to continue its strong support for public broadcasting.

In order merely to maintain the level of service provided by public broadcasting in FY1982, CPB estimates the total need for federal support for FY1989 at $288.8 million. These figures represent the difference between the cost of maintaining the 1982 service level and the total amounts that are expected to be available from all other non-federal sources, including state and local governments, colleges and universities, businesses, foundations, individuals, and ancillary activities. Mindful of the severe budget constraints, therefore we ask that the Subcommittee recommend an appropriation of $238 million for FY1989, the full amount authorized.

For the last two years, on the recommendation of this Subcommittee in conference with the parallel House Subcommittee, the Congress has appropriated funds for CPB without a signed authorization even though the Congress had passed such legislation. Those sums were $200 million for FY1987 and $214 million for FY1988. This year, we are glad to report that Public Law 99-272, the Consolidated Omnibus Budget Reconciliation Act of 1986, contains within its provisions reauthorizations for CPB through FY1990.

More than $238 million in FY1989, then, would be required in order to promote "real" growth in the coming years and in order to reach levels of excellence in programming and community service. But we want to tell you how public broadcasting is faring now with current programs and what plans we have for FY1989 funds.

Momentum builds as new challenges are faced

Public television is continuing to attract more viewers in homes, schools, and businesses. Financial support from individuals has grown to new, higher levels. These individual viewer contributions now constitute the second largest sector of public television's income after contributions from state governments. This progress has resulted from years of effort nationwide, based on reasonable, stable levels of federal support, to plan programs and activities to meet the needs and expectations our country has of public television.

Last year in our testimony, we reported to you that for the first time in many years public television's fall season would feature no new major American-produced series. This was the result of the severe reductions in public broadcasting made four years prior to the 1985 season.

As you are probably well aware, it takes years -- typically three to five -- to develop and bring to the air quality programs.

And, in our non-profit business, it is extremely difficult to assume any financial risk for the commitments necessary to bring these programs about. That is why advance appropriations for CPB are so important. It is the means by which public broadcasting can ensure it has the childrens, educational, cultural, scientific, and information programs for the years ahead. For example, in January of this year the public television stations committed to finance 26 major or limited series in total, including four new ones. This represents an increase in hours of total programming and brand new programming for public television stations -- valued at over $100 million -- and the stations themselves have already contracted for some $40 million of that, with the rest to come from underwriters and co-producers. The addition of the four new series shows that public television is beginning to rebuild its programming momentum, and, with the stability and certainty of the programming funding available to stations and CPB through the appropriation to CPB, we can now commit to production, talent, and schedules for making important new programs.

While federal support is vital to the production and purchase of national programming for local public television stations, local program production is equally important and also benefits directly from federal funding. Local news, public affairs, candidate debates, state house coverage, and educational and outreach programs are the special activities public television stations schedules. Most of our stations are in the process of rebuilding their local services; much had to be sacrificed when the 1981 cuts became reality. If their funding were cut, their local productions would be the first casualties and the best of such efforts would never be available nationwide.

The lack of "blockbuster" series can affect public television's income. One need only look to public television's corporate income figures from last fall -- $29.1 million in October 1985 versus $55.2 million in October 1984. It is true that corporations will only finance certain programs for certain periods. It is also true that corporate underwriters want to be assured that the programs are part of a vital, broad service; they cannot and do not carry the whole burden.

Steady growth in federal support is vital to the program pipeline.

The program funding activities at CPB, as well as the Community Service Grants to individual public television stations distributed by CPB, will remain crucial to developing programs for public television well into the 1990's. Retaining CPB support for current series, as well as challenging new program ideas from stations and other producers, is vital to maintaining our support from our viewers and other funders.

Capitol Journal, public television's half-hour weekly series hosted by Hodding Carter on the nation's lawmaking process and its lawmakers, is in its second season and looking toward its third with the support of CPB and the public television stations.
In its most recent season, Capitol Journal, produced by WETA/Washington, has focused on issues ranging from children in poverty to unrest in the Phillipines to the shuttle tragedy, all from the vantage point of the nation's congressional leaders and policymakers.

Continuing in its second season as a one-hour daily news program, MacNeil-Lehrer Newshour from WNET/New York and WETA/Washington provides its viewers with an in-depth, balanced analysis of the news of the day. With its many awards and other recognition, it remains the standard by which the industry may measure its performance. Frontline, the weekly news documentary series produced by WGBH/Boston regularly attracts acclaim for its examination of controversial social and political issues which in recent months have included Central America, the Mideast, AIDS, and tax reform.

The trendsetting family drama series Wonderworks continues to draw critical and educational acclaim, presenting thought-provoking and exquisitely produced mini-series and individual programs to a rapidly growing audience. This season, the series presented

"Maricela", the story of a teen-aged Salvadoran refugee and her American employer finding their way toward friendship and understanding, "The Lone Star Kid", the story of the 12-year-old mayor of Crabb, Texas, and "Anne of Green Gables", a four-part dramatization of L.M. Montgomery's childhood classic.

Continued support from CPB to two of public television's premiere performance series also remains crucial to fulfilling their mission of celebrating the very best of this nation's cultural achievement. Both American Playhouse and Great Performances continue to bring classics and brilliant new works in theater, music and dance to audiences who otherwise would never have the opportunity to experience them.

Public television's commitment to children continues.

Whether it involves providing programming for pre-schoolers at home, special reading programs for the summer, or instructional television in the classroom, public television is continuing and expanding its unique learning signal to our nation's children.

On the heels of the success of Sesame Street, The Electric Company, and 3-2-1 Contact, the Children's Television Workshop is readying its new mathematics series for 8-12 year olds to be aired in the next year. These programs will be seen by close to 20 million children at home and in school this year.

Reading Rainbow, the summertime weekly reading series for children hosted by LeVar Burton of Roots fame and produced by WNED/Buffalo and the Nebraska Educational Television Network, has prompted measurable interest in summer reading by children nationwide. According to the results of survey completed by RMC Research of children's librarians, 46% of those surveyed reported an increase in summer reading prompted by the series, 67% of the librarians attributed at least some degree of increase in book circulation to the series, and, most importantly, 75% believed the series also stimulated parents' interest in children's reading. The results of this national survey paint Reading Rainbow as an unqualified success from the perspective of children's librarians and energetic in the sense of overall activity in homes and libraries as children and parents made the connection between television viewing and the enjoyment of reading good books.

New, additional funding this year and next from the National Science Foundation will allow Reading Rainbow to produce four new science reading episodes in each of the next two years. It is hoped that the success the program has had will be augmented by this new attention to science education.

Public television stations continue to be valuable community resources.

Cooperative efforts between public television stations and their communities can be powerful vehicles for human resource and social services on both national and local levels. Organized national outreach programs revolving around television programming has proven to be successful in focusing attention on and helping to ease social problems, and local emergency, informational and educational public television services have had great impact on many communities.

Because of the national outreach success of The Chemical People, an innovative anti-drug program produced by WQED/Pittsburgh, communities around the country this year will participate in The Chemical People II hosted by First Lady Nancy Reagan. This program will focus on some of the secondary effects of drug abuse on our nation's teenagers, including teenage pregnancy, youth unemployment, and illiteracy.

An unprecedented national effort has been launched this year by PBS and ABC to help combat one of the nation's major social problems -- adult illiteracy. Project Literacy U.S. (PLUS) will consist of a wide range of national network broadcasts and community activities in an attempt to raise awareness nationally and generate ways of dealing with the problem on a local level. During the first phase of the project, the Public Television Outreach Alliance -- stations WQED/Pittsburgh, KCTS/Seattle, WETA/Washington, the Nebraska Educational Network, and the Kentucky Educational Television Network

-- will conduct seminars and workshops around the country to mobilize and train community task forces on the issue. In the second phase, ABC News will present a documentary on the plight of the nation's 23 million illiterate adults, followed by a PBS documentary that will examine successful methods of dealing with the problem. Special public service announcements and news reports on ABC will supplement the programming, as will many ongoing projects from public television stations inlcuding a series called "The American Ticket" from KCET/Los Angeles, and the collaboration of Kentucky and Arkansas state networks to promote registration for Graduate Equivalency Diplomas (GED).

Individual stations have also had success in facing the pressing social problems of their viewing areas. On station that has had enormous success on a variety of issues is WTVS/Detroit. In response to startling increases in joblessness, WTVS initiated the Communication/Information System for the Unemployed (CISU) and the Working Channel not only to provide "job bank" information and job matching, but also to root out the problems of the long-term unemployed in the Detroit area. The station has also had great success in dealing with the problems of high school dropouts and adult illiteracy by working with state agencies, educational institutions, and their own resources.

Growing numbers of adult learners have taken advantage of the wide range of college courses for credit offered by public television stations and accredited by local universities and community colleges. The "non-traditional" learners -- older students, parents, or those with full-time jobs -- are particularly well-served by these courses which offer rigorous and challenging curricula that can be viewed at home. New national course offerings include "The Story of English", an historical look at the English Language, "The Business File", an introduction to business administration, and "The Mechanical Universe", an introduction to physics.

Conclusion

Federal funding remains the essential component of public television's income. Sufficient levels of federal support will guarantee that seed money remains available for the develpoment of new programs. With predictable federal funding, public television stations can continue to provide for community needs, as well as carry national programming.

Public television stations are hoping to continue building momentum that will see new series and programs in the coming seasons and not to relive last fall's disappointment of having no new major domestically-produced series in the season's lineup. This coming year will see the premieres of "American Masters" a 15-part series of profiles of great American artists, "Adventure", an eight-part production featuring true tales of estraordinary people facing great challenges, and "The Day the Universe Changed", a ten-part production on how new knowledge can transform man's understanding of the world.

In the coming years, we are looking forward to the completion of projects like "The Search for Mind" a nine-part sequel to "The Brain", "The Africans", an extraordinary series hosted by an African scholar that explores the history, future, and mysteries of Africa, "Who are the Russians?", a ten-part look at the Soviet Union, and "Heritage: Christianity", an examination of the history of Christianity. For the '86-'87 season, nearly $25 million still needs to be raised to bring the national program schedule productions currently in progress; for the '87-'88 season, unfunded needs for new programs total $78 million.

Any cutbacks in federal funds for public broadcasting will certainly affect public television stations' ability to produce, purchase, and broadcast these programs and to serve their communities. We thank this Subcommittee for its leadership in providing the full authorized level of support for FY1988, and ask that you consider supporting an appropriation of $238 million for FY1989.

STATEMENT OF ROBERT J. CONLAN, EXECUTIVE DIRECTOR, NATIONAL PEACE INSTITUTE FOUNDATION, WASHINGTON, DC

Senator INOUYE. Our final witness is the executive director of the National Peace Institute Foundation, Mr. Robert J. Conlan. Welcome, sir.

Mr. CONLAN. Good morning, Senator. Thank you for inviting me here this morning. I would like to ask that my statement be put in the record.

Senator INOUYE. It will be, sir.

Mr. CONLAN. Thank you.

One thing I would just like to share with the members of the committee is something about the membership of the National Peace Institute Foundation. It is an organization that has been in formation over the last 10 years concurrently with the passage of the legislation for the Peace Institute through the U.S. Congress and signed into law.

This membership questionnaire that I have just given the committee is the response from our members about what they believe the U.S. Institute of Peace should be concentrating on in its early years of development, and I just wanted to highlight that for the committee.

Our members tend to rank, of the three functions of the Institute—education and training, research, and information dissemination and public outreach—they rate education and training as their highest preference, with 65 percent, and information dissemination second at 51, and research third at 30 percent.

Our members are most interested in programs for public officials at the Peace Institute. As you know, it is designed to evolve into an institution where our policymakers can attend workshop seminars and other programs to work on the peaceful resolution of international conflict.

In the area of research, our members are mostly interested in improving peacemaking techniques such as negotiation, mediation, and conciliation. Seventy percent of our members think that that is the highest priority in the research area.

And in the educational and training programs of the institution, methods of conflict resolution, with 79 percent of our members supporting that approach, is where they are at, and I think that is a useful background in terms of giving the committee an idea of what our membership—where they are coming from in terms of the institution.

In 1984, Congress established the U.S. Institute of Peace as the first Government body ever created in our country whose express purpose it is to inhance America's national security by using conflict resolution techniques and international conflict management, instead of relying solely on a show of force or confrontation or even warfare itself.

As you know, there was a long delay in naming the Board of Directors, but the U.S. Institute of Peace Board of Directors has now been formed. It's president has been hired. Other staff will soon be hired, and program priorities will be set. The Board is narrowly based, lacking women, minorities, business people, labor leaders, and the like, and for right now, the critically important question about the Peace Institute is, will it do what it was established to do?

The answers really depend on you in Congress. In Government today, professional training negotiation and mediation is lost among a welter of Federal institutions dominated either by day-to-day events or military concerns. What is everybody's business has become nobody's business.

But you and the U.S. Institute of Peace can change that. Through your past support, the members of this committee have directly endorsed and made possible the idea of accelerating our understanding of international conflict and its potential for avoiding nuclear war and maintaining peace.

I think from a cost/benefit ratio, the money has been very wisely spent. I think you will agree that our Nation has allowed a terrible gap to develop between the application of science to war and its application to the cause of peace. The Peace Institute can begin to close that gap.

And perhaps even more important, the Institute can serve as a symbol, a symbol that history's most powerful Nation is committed to a long-term program of research and training and education in the ways of peace. Two thousand years ago, the Romans said, "Si pacem vis, bellum para"—"If you wish for peace, prepare for war."

What a remarkable accomplishment it would be to leave as a legacy to future generations a new dictum, an American dictum.. "Si pacem vis, pacem para"—"If you wish for peace, prepare for peace."

Two weeks ago, the chairman and president of the U.S. Institute of Peace testified that there is still no consensus among the Board of Directors of the Institute on the size of its 1987 budget. The Institute has rather enthusiastically supported the administration's inadequate request for $1.25 million in additional funding in 1987. But I think this should not deter the committee from funding the Peace Institute.

For 10 years, Congress has become increasingly committed to an independent body dedicated to peacemaking. I think the budget justification that we have submitted along with this morning's testimony shows how the Peace Institute could spend $8 million next year. That would be $6 million in additional funding and rolling over $2 million from the $4 million that you have already appropriated. I think that is the full authorization that Congressman Glickman and Senator Matsunaga are introducing for the reauthorization of the Peace Institute.

Thank you, Senator.

Senator INOUYE. I can assure you, we will do our best.

Two days ago on May 13, the chairman of this commitee received the following communication from the White House:

> Dear Senator Weicker: It is the intention of the White House that the next nominee to the Board of Directors of the U.S. Institute of Peace will be a woman.

Mr. CONLAN. Well, that is very good news, Senator. I am glad to hear that. I am sure many women will be glad to hear that, too, and I will be very happy to tell them.

Senator INOUYE. Thank you very much, sir.

Mr. CONLAN. You are welcome.

PREPARED STATEMENTS

Senator Inouye. Your statement will be included in the record at this point along with other statements relating to related agencies.

[The statement follows:]

STATEMENT OF ROBERT J. CONLAN

Thank you Mr. Chairman and Members of the Subcommittee. My name is Robert J. Conlan. I am the Executive Director of the National Peace Institute Foundation. The Foundation is the successor organization to the 45,000 member National Peace Academy Campaign which worked with members of Congress for ten years to create the United States Institute of Peace.

I think it almost goes without saying that conflict and its peaceful resolution is the dominant -- the crucial -- challenge of our times and perhaps all times. I don't know quite how I can emphasize that enough ... how I can say it as forcefully as I believe it must be said.

But it is a simple fact that if we do not learn to handle conflict far better than the human race has ever handled conflict in the past, then we and our civilization, the product of thousands of years of humankind's best efforts, shall not survive.

Perhaps that says it all.

In 1984 Congress established the United States Institute of Peace (USIP) -- the first government body ever created in our country whose express purpose it is to enhance America's national security by using conflict resolution techniques in international conflict management, instead of relying solely on a show of force ... or confrontation ... or even warfare itself.

As you know, there was a long delay in naming the Board of Directors, but USIP's Board of Directors has now been formed. Its president has been hired. Other staff soon will be hired and program priorities will be set. That's the good news.

The bad news is that the Board is narrowly based -- lacking women, minorities, business people, labor leaders, and the like. However, I feel certain that working together over time we can broaden the Board's make-up.

But for right now ... these critically important questions about the USIP's future remain: Will it take hold? Will it do what it was established to do? Will the USIP grow into the force it must become in order to change the way the world resolves conflicts? The answers to these questions really depend on you in Congress.

In government today, professional training in negotiation and mediation is lost among a welter of federal institutions dominated either by day-to-day events or military concerns. What is everybody's business has become nobody's business. But you and the United States Institute of Peace can change all that.

The Peace Institute can become the central active government body which will focus attention, stimulate thinking, and conduct meaningful exercises in conflict resolution.

But, to be successful the Peace Institute must be kept free of partisan politics. It must be kept free of overbearing influence from America's diplomatic and military establishment.

And, working together, I'm convinced that we can keep the Peace Institute above politics, and above all manner of pressure brought by those who oppose its very being.

But, the work must begin immediately. If ever there was a need for an effective, responsible national institution devoted to teaching and research in how to create the conditions for peace, it is now. There are approximately 135 ongoing conflicts around the world. And no one can tell which of these might erupt into a major global catastrophe.

Through your past support the members of this Committee have directly endorsed and made possible the idea of international conflict resolution -- and its potential for avoiding nuclear war and maintaining peace.

And now, after a decade of struggling and painstaking effort to bring an idea of the highest moral value to fruition, the Peace Institute is a reality. This truly remarkable new organization is a breakthrough in the field of peacemaking. It deserves to succeed -- and deserves your continued support to help insure its success.

I think you'll agree that our nation has allowed a terrible gap to develop between the application of science to war and its application to the cause of peace. The Peace Institute can begin closing that terrible gap. This Committee must see to that!

And perhaps even more important, the Peace Institute can serve as a symbol -- a symbol that history's most powerful nation is committed to a long-term program of research and training and education in the ways and means of peace.

2,000 years ago the Romans said, "Si pacem vis, bellum para" -- "If you wish for peace, prepare for war".

What a remarkable accomplishment it would be to leave as a legacy to future generations a new dictum -- an American dictum: "Si pacem vis, pacem para" -- "If you wish for peace, prepare for peace".

Last week the Chairman and the President of the United States Institute of Peace testified that there is still no consensus among the Board of Directors of the Institute on the size of its 1987 Budget.

The Institute has, in fact, rather unenthusiastically submitted the Administration's totally inadequate request for $1.25 million in additional funding for FY87.

Perhaps it is too early in the Institute's life to expect the independence that Congress had in mind when it designed the Institute as an independent institution directly accountable to Congress.

But this should not deter you. For ten years Congress has become increasingly committed to an independent body dedicated to peacemaking.

This Committee last year sent a clear signal to the Administration when it refused to go along with the recession of the $4 million that Congress appropriated for the Peace Institute for FY85.

That coupled with Congressional refusal to even consider the crippling amendments to the Peace Institute Charter introduced by the State Department got the Administration moving on naming the Peace Institute's Board of Directors.

Perhaps it is time for the Congress to send a message to the Board of Directors of the Institute about how serious Congress is about this project.

Along with my testimony, the Foundation is submitting a Budget justification for $8 million for FY87. This would include $2 million rolled over in the Institute Endowment from the FY85 appropriation plus $6 million in new appropriations.

This budget would send a signal to the Board of Directors that Congress is fully committed to building a world class Peace Institute.

This budget

- ensures that the Institute will not be just another Washington-based think-tank, but a national educational institution -- providing for "in-house" programs, affiliate relations with other institutions and grants to other institutions (at a rate of one per state);
- emphasizes the three functions of the Institute: research ($1,860,000), education/training ($3,485,000) and information distribution ($1,720,000);
- provides that 78% of the annual budget be spent directly on program;
- provides twice as much money for grants as required by statute (assuming an additional $4 million appropriation for FY87); and
- provides almost twice as much money for programs at other institutions as it spends on its own programs.

Annex A

PROJECTED FY87 OBLIGATIONS OF THE UNITED STATES INSTITUTE OF PEACE

(1) Board of Directors

daily pay	15 Directors x $ 260/day x 2 days/month =	$ 93,600
per diem	15 Directors x $ 75/day x 2 days/month =	27,000
travel	15 Directors x $ 120/mtg x 1 mtg/month =	21,600
		$ 142,200

(2) Facilities

principal office	
40 employees x 200 sq. ft./pers. x $ 30/sq. ft. =	$ 240,000
information access offices	
20 employees x 200 sq. ft./pers. x $ 30/sq. ft. =	120,000
	$ 360,000

(3) General Administration

personnel			
administration	10 x	$ 35,000 =	$ 350,000
research/development	15 x	(see below)	
education/training	10 x	(see below)	
program support	5 x	28,000 =	140,000
public infor. serv.	20 x	35,000 =	700,000
office			
travel		=	16,000
office machines/computer serv.		=	40,000
supplies/equipment/misc.		=	60,000
			$ 1,306,000

(4) "In-House" Programs

research projects	10 x	$ 60,000 =	$ 600,000
develop educ. prog./ref. mat.	5 x	75,000 =	375,000
education	5 x	36,000 =	180,000
training	5 x	36,000 =	180,000
publications		=	400,000
clearinghouse		=	500,000
			$ 2,235,000

(5) Grantmaking Programs

Jennings Randolph Fellowships	10 x	$ 36,000 =	$ 360,000
grants to institutions			
basic research	15 x	60,000 =	900,000
educational programs			
instr. for sec./elem. schls.	10 x	130,000 =	1,300,000
conferences/workshops	5 x	100,000 =	500,000
discipline development	10 x	95,000 =	950,000
			$ 4,010,000

$ 8,053,200

JUSTIFICATION OF PROJECTED FY87 OBLIGATIONS OF THE UNITED STATES INSTITUTE OF PEACE

(1) Board of Directors

P.L. 98-525, Sec. 1706(i) and (j) provide that nonstatutory Board members "receive the daily equivalent of the annual rate of basic pay in effect for grade GS-18 ... for each day during which the director is engaged in the performance of duties as a member of the Board." Also, directors are allowed travel expenses and a per diem while away from home or regular place of business in the performance of duties as a member of the Board.

According to a Pay and Benefits Specialist at the Office of Personnel Management, the daily equivalent for grade GS-18 is $263.36. According to the General Services Administration, the per diem for nearly 200 high cost cities in the U.S. is fixed at $75. The projected travel expenses represent a reasonable estimate of cost for a geographically diverse Board of Directors.

(2) Facilities

The Deputy Director for Real Estate in the National Capital Region of the General Service Administration reported that it is customery to allocate 200 sq. ft./person, and that a full service lease for office space--not the best or worst in town--would cost about $30/sq. ft.

The same numbers were used to estimate the cost of regional information access offices for 3 staff in Atlanta, Boston, Chicago, Dallas and San Francisco, and for 5 staff in New York City.

(3) General Administration

Sec. 1707(a) stipulates that the Institute's president and other officers shall be paid at rates not to exceed level 1 of the Executive schedule ($86,200 annually). The pay of other employees shall be governed by provisions in the United States Code relating to General Schedule pay rates.

Salary estimates and number of Institute employees are taken from the pay rates used and number of people employed by the Woodrow Wilson International Center for Scholars. At the Wilson Center, the average annual salary for administrative functions is $35,000 (x 12 employees), for public service is $44,000 (x 14 employees) and for scholar support is $28,000 (x 7 employees). Office expenses for travel, office machines, computer services, supplies, equipment and miscellaneous services, are taken directly from the Wilson Center.

It is reasonable to project for the Institute an administrative staff of 10 to oversee its three functions (research, education and training, and information distribution), and a program staff of 5 to direct its three principal modes of operation (in-house programs, programs in cooperation with other institutions, and grantmaking programs).

The public information/service positions are designed to staff six regional information access offices. The salary estimate for these positions is based on the Wilson Center's administration salaries rather than its public service salaries because it is unlikely that all 20 positions would require professionals.

The costs projected for the Institute's research projects and activities to develop educational programs and basic reference materials are based on the actual average grant paid by the National Endowment for the Humanities for similar work.

The projected salaries for education and training are based on the Wilson Center's policy of providing a stipend at the GS-13/1 rate ($36,327) for its fellows. It is assumed that this is a fair market rate for serious academic work.

The projected publication costs for the Institute are taken from the costs of publication for the Foreign Service Institute. The cost of contracting out for clearinghouse services is based on estimates from the budget office at the National Institute of Corrections regarding its information clearinghouse in Colorado: its average annual cost is approximately $600,000 for staff, facilities, equipment, and the reproduction and distribution of documents.

(5) Grantmaking Programs

The Jennings Randolph Program for International Peace is authorized to provide grants, fellowships and stipends to scholars and leaders for the purpose of research. The cost of the fellowships is based on the GS-13/1 rate ($36,327) paid by the Wilson Center to its fellows.

The Institute is mandated to pay at least one-fourth of its annual appropriation to nonprofit or official public institutions. Such grants will probably be paid for basic research or the creation of educational and training programs. The amounts for such grants are taken directly from the average grant paid for similar purposes by the National Endowment for the Humanities.

(6) Overview of the draft budget

- ensures that the Institute will not be just another Washington-based think-tank, but a national educational institution--providing for "in-house" programs, affiliate relations with other institutions and grants to other institutions (at a rate of one per state);
- emphasizes the three functions of the Institute: research ($1,860,000), education/training ($3,485,000) and information distribution ($1,720,000);
- provides that 78% of the annual budget be spent directly on program;
- provides twice as much money for grants as required by statute (assuming an additional $4 million appropriation for FY86); and
- provides almost twice as much money for programs at other institutions as it spends on its own programs.

Annex B

Biography of Witness

ROBERT J. CONLAN
EXECUTIVE DIRECTOR
NATIONAL PEACE INSTITUTE FOUNDATION

Robert J. Conlan is the Executive Director of the National Peace Institute Foundation and is responsible for day-to-day operations and long-range planning. From 1979 to 1983, Mr. Conlan was Legislative Liaison Officer for the National Cooperative Bank. He was the Executive Director of the Cooperative Bank Action National Committee which worked to create the Cooperative Bank before coming to Washington in 1979. Mr. Conlan was also

Assistant to New York City Mayor John Lindsay and Chief of Staff for a member of Congress.

MEMBERSHIP QUESTIONNAIRE

February 13, 1986
4117 RESPONSES

Crucial decisions about the United States Institute of Peace will be made soon. We want members of the Foundation to give advice on these decisions. Limited resources dictate that we make important choices about our own program. We need your help. Please take just a minute to fill out the questionnaire so that we can better plan for the future.

MEMBERS' OPINIONS

PLEASE RATE IN IMPORTANCE FROM FIVE (TOP PRIORITY) TO ONE (LOW PRIORITY).

I. The United States Institute of Peace will concentrate on three main areas:

- o Education and Training
- o Research
- o Information Dissemination and Public Outreach

Please give us the priority you would give to each.

	High		Medium		Low	N\A
	5	4	3	2	1	
Education and Training	2690 65%	920 22%	360 9%	50 1%	17 0%	80 2%
Research	1231 30%	1151 28%	1290 31%	206 5%	114 3%	125 3%
Information Dissemination and Public Outreach	2107 51%	963 23%	780 19%	112 3%	54 1%	101 2%

II. In the area of Education and Training, what importance would you give to different population groups? (Elementary and Secondary School Levels, College Level, Adult Education, Programs for Public Officials).

	High		Medium		Low	N\A
	5	4	3	2	1	
Elementary and Secondary School Levels	1702 41%	759 18%	922 22%	445 11%	150 4%	139 3%
College Level	1879 46%	1305 32%	701 17%	104 3%	43 1%	85 2%
Adult Education	1376 33%	1353 33%	950 23%	246 6%	70 2%	122 3%
Programs for Public Officials	2660 65%	708 17%	396 10%	200 5%	64 2%	89 2%

III. In the area of Research, what importance would you give to various approaches? (Global Issues in Common to All Nations, Improving Peacemaking Techniques, Areas of Potential International Cooperation. Characteristics of a Peaceful World, Facilitation of Our Nation(Transition to a Peaceful Economy).

	High		Medium		Low	N\A
	5	4	3	2	1	
Global Issues in Common to All Nations	1530 37%	1165 28%	849 21%	263 6%	105 3%	205 5%
Improving Peacemaking Techniques (Negotiation, Mediation and Conciliation)	2883 70%	671 16%	301 7%	82 2%	48 1%	132 3%
Areas of Potential International Cooperation	1605 39%	1405 34%	731 18%	152 4%	38 1%	186 5%
Characteristics of a Peaceful World	781 19%	890 22%	1233 30%	550 13%	389 9%	274 7%
Facilitation of Our Nation's Transition to a Peaceful Economy	1865 45%	928 23%	675 16%	302 7%	204 5%	143 3%

IV. With regard to the content of Educational and Training Programs, what importance would you give to various aspects of the peace process? (The Concept of Peace, Causes of Conflict, Methods of Conflict Resolution, Current Conflicts).

	High		Medium		Low	N\A
	5	4	3	2	1	
The Concept of Peace	1256 31%	1036 25%	1000 24%	412 10%	123 3%	290 7%
Causes of Conflict	1873 45%	1298 32%	604 15%	102 2%	34 1%	206 5%
Methods of Conflict Resolution	3233 79%	552 13%	189 5%	25 1%	12 0%	106 3%
Current Conflicts	928 23%	1315 32%	1110 27%	399 10%	97 2%	268 7%

Statement of Nicholas DiMarzio, Executive Director, Migration and Refugee Services, United States Catholic Conference

As this country's largest voluntary resettlement agency, the United States Catholic Conference (USCC) has helped more than two million newcomers to begin new and productive lives in this country. The American public, through the U.S. government, has not only recognized and appreciated our role in this effort, but indeed has assisted by funding the kinds of programs that help refugees reach self-sufficiency--the goal shared by resettlement workers, policy makers, the American people, and refugees alike.

USCC has long been concerned about the domestic expenditures involved in refugee resettlement. We have seen that expenditures and admissions' rates are directly related, with Congress lowering refugee admissions ceilings as an example of an effort to control resettlement costs. We believe that there need to be--and can be--reductions in domestic refugee resettlement costs. But the Administration and Congress must make certain these cuts are appropriately applied in the proper areas.

Out of anxiety to make necessary budget reductions, take care not to sacrifice that long-term goal of refugee self-sufficiency to the short-term goal of FY1987 dollar savings. USCC is concerned that to reduce funding for certain programs that encourage and enhance refugee self-sufficiency will cripple refugees in their search for self-sufficiency, and lead to greater government expenditures in the long run.

Voluntary Agency Program

In the FY1986 Continuing Resolution, both Houses of Congress affirmed support for the so-called Matching Grant Program, agreeing that the full level of funding should be made available for this program. Yet the Office of Refugee Resettlement (ORR) FY87 budget request calls for a substantial reduction in the level of federal matching grants--decreasing federal investment to the program from $4 million (the appropriated FY1986 level) to $1 million in FY1987.

The Matching Grant Program has provided the voluntary agencies with the tools necessary to provide refugees with four months of cash assistance and support services, without accessing public assistance programs. Refugees in the program have achieved a significantly higher rate of employment, thus less dependency on welfare, than have refugees not in the program. All the data available from this program suggest that it is an extremely successful effort to resettle refugees in an efficient manner, without reliance on public assistance. ORR's own budget justification states that voluntary agencies participating in the Matching Grant Program were able to "demonstrate positive results in obtaining early employment for refugees."

At a time when federal agencies should be encouraging more effective and cost efficient refugee resettlement initiatives, the Administration's policy with respect to the Matching Grant Program is to phase it out over a two-year period. It is our view that this program should not only be maintained, but expanded to allow for additional numbers of refugees to participate.

Social Services

The ORR FY1987 budget request calls for a 35% reduction in the amount of funding available to provide employment-related social services. In most areas of the country, these social services programs funded by ORR are instrumental in achieving rapid self-sufficiency for refugees.

We believe the social services funds should be maintained at least in relation to the size of the eligible population. Projected FY1987 refugee admissions represents a 4% reduction over the previous year, yet the proposed cut in social services is 35%. Obviously, the extent of reduction for social services is substantially out of line with the rate of arrivals.

To ensure effective and efficient uses of social services funds, we encourage ORR to monitor the implementation of such programs within the states. Improvements can and should be made in some areas of the country. Cutting back so drastically in social services will only serve to diminish the effectiveness of programs where they are now working well.

Another concern we have with respect to social services is that as these funds are reduced, states will be increasingly inclined to award contracts to public agencies, at the expense of viable private agency initiatives. The public-private tradition of the refugee program, which has proven successful over the years, could be jeopardized.

To ensure equity and maximization of private resources, we propose that at least 51% of social services funds be made available to the private sector, particularly the voluntary agencies and ethnic community organizations.

Cash and Medical Assistance

We have long maintained that newly arriving refugees, having only transitional needs but otherwise employable, need not have, over extended periods of time, special categorical waivers for welfare eligibility. However, ORR's proposal to limit federal reimbursement to the first 18 months after the refugees' arrival, without regard for categorical eligibility, serves to diminish federal responsibility for the neediest population.

We agree with the thrust of the ORR proposal to remove disincentives to employment inherent in the current systems. But, by not reimbursing states for welfare costs associated with categorically eligible refugees after 18 months, the federal government is inappropriately shifting responsibility to the states.

A further exploration of options, by which cash and medical programs can be better tailored to the unique needs of refugees, is needed. Adjustments should be made but new approaches to providing transitional services to refugees must emphasize and encourage early employment for employable refugees, while maintaining appropriate support mechanisms for those refugees who are not immediately employable, especially those who are categorically eligible for AFDC and Medicaid.

Conclusion

Refugee resettlement has been perhaps this country's most successful private/public joint venture. The U.S. Catholic Conference is proud to have contributed to this powerful American commitment to welcoming the world's wandering homeless. We look forward to seeing next year's refugees take their first uncertain steps towards self-sufficiency in a new land--steps not fettered by poorly considered budget cuts.

SUBCOMMITTEE RECESS

Senator INOUYE. The subcommitee will stand in recess until Tuesday, May 20, at 9:30 a.m., and we will meet here again in Dirksen 116 when we will conclude our public witness hearings.

[Whereupon, at 12:25 p.m., Thursday, May 15, the subcommittee was recessed, to reconvene at 9:30 a.m., Tuesday, May 20.]

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1987

TUESDAY, MAY 20, 1986

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:25 a.m., in room SD-116, Dirksen Senate Office Building, Hon. Lowell P. Weicker, Jr. (chairman) presiding.

Present: Senators Weicker, Specter, Proxmire, Chiles, and Burdick.

NONDEPARTMENTAL WITNESSES

STATEMENT OF GERTRUDE ENGEL, HEALTH ADVOCATE, AMERICAN HEALTH EDUCATION FOUNDATION

Senator WEICKER. The subcommittee will come to order.

The statements in their entirety will be included in the record. I am very appreciative of the time and effort that all of you have expended in coming here to testify before this committee today.

Our first witness, then, is Gertrude Engel, a health advocate, the American Health Education Foundation.

Ms. ENGEL. Do you have any particular place that you would like me to sit?

Senator WEICKER. You sit right in front of me, Gertrude, and you go right ahead.

Ms. ENGEL. Thank you very much. I appreciate your kindness.

Senator WEICKER. I like your turquoise dress and hat, they are very lovely.

Ms. ENGEL. Thank you. You are very complimentary, and you are as handsome as ever.

Senator WEICKER. Let's not be excessive, Gertrude. [Laughter.]

I was right on the mark as far as you are concerned, but I am afraid that you are being overly nice. Thank you.

Ms. ENGEL. For 17 years, I have been here, Senator, and I am grateful for this opportunity.

I have helped cancer victims' suffering, and I have helped many throughout the country. I wanted to give you a Laetrile update, and how an attorney from the Justice Department broke my heart.

In all these years, I went to the Oklahoma court, and Judge Luther Bohanon made a suggestion, and he held my hand all the time I was talking to him, that was last December, when he told me that we have to do something for pain relief for cancer victims.

We do not have a cure for cancer, and I can substantiate that with all of the research I have done during the 17 years that I have been here.

I was absolutely delighted when Mr. William Goodling, from the House of Representatives, gave us a bill which has seven lines in it for relief of pain. We do not claim that Laetrile is a cure, there is no cure. You ought to ask me, and I won't go into details, but my own family, my mother suffered for 25 years with cancer. My husband had the same operation that President Reagan had 5 years ago, Senator, and believe it or not, he has had eight surgeries since. I run back and forth to my home in Michigan to take care of him whenever I have to take him to the hospital.

In spite of the fact of what doctors have told me, that it doesn't metasticize to the arm, or to the head, and what it doesn't do, I know more about what is going on, I believe, than most of these people do.

I was so enthusiastic about Mr. Goodling, and I am looking for a Senate companion bill. The use of the word cancer is worse and more frightening than the word war. They would rather hear that than to hear about cancer. My pleading has been, with Senators, give me a companion bill, that is all I want.

In the meantime, believe it or not, Mr. Daniel from the Justice Department filed a motion in the Denver court to do away with Judge Luther Bohanon's decision. I couldn't believe it. I called him and I said: Please, don't do what you intend to do. Let's have some sympathy and sensitivity toward cancer victims. One thousand doctors are using Laetrile in 23 States. Don't do what you intend to do.

He didn't care what I said, and he filed a motion in the Denver court. I went to Denver. The courtroom got crowded with everybody who is a cancer victim, because Colorado is one of our 23 States that legalized the use of Laetrile. Believe it or not, he got up there, before the three-judge panel, and he distorted all the facts.

I couldn't believe it. More sensitivity was aroused in me, I just got sick. I couldn't believe that any attorney would get up and distort the facts before a three-judge panel. As of this date, and I contacted the court yesterday again in Denver, no decision has been made since January 28, but my greatest delight was, Senator, when this research that I did, the brief for the U.S. Supreme Court, was accepted in spite of the fact that I am not a lawyer. They wrote back to me and told me that they accepted all of my research.

When I called Mr. Daniel, and I said: Why did you do what you did? Why did you distort the facts? I tried to tell you about the research in all the years that I have been here, and what I have done for cancer victims, telling them where to go to get the Laetrile, and that it has to be done with a doctor's prescription. I am not selling the Laetrile, and neither are the health food stores. Please believe what I am telling you.

He came back from Denver with the flu, and he was ill. His staff said, "Wait another week until you talk with him again." I called him again and I was very nice about it. I said: You know, you broke my heart. I can't believe that you stood in front of the three-judge panel and did the opposite. Didn't you know about the U.S. Supreme Court in 1978, where Justice Thurgood Marshall ruled, "Should we, sitting in a court of equity, decide the fate of Laetrile?" Wade McCree, the former Solicitor General, said, "I agree with you. I am wondering about that myself." As a result, court adjourned, and came down with a decision nine to zero to send it back to the lower court.

You would think, Senator Weicker, that nobody has anything else to do. Why do they keep going into the courts to do away with something.

Then, believe it or not, the Food and Drug Administration [FDA] gave me the greatest blessing that I have ever had. Commissioner Young went along with me that we should get a Federal law for Laetrile for the whole Nation, so that we can do something for cancer victims. There is no cure, and that was substantiated last Friday and Saturday if you saw the television programs, there is no cure for cancer, I don't care what anybody says. So let's help them with their pain relief. This is what I told him.

I said to Mr. Daniel: Do you want me to tell Mr. Meese what you did? He said, "Ms. Engel, I don't care what you do. I know I distorted the facts."

I said: You know it, and you stood in front of a three-judge panel and distorted all the facts, how could you do that? I am sick about the whole thing. He said, "I don't care what you do," and he hung up, and that was it.

But I have the blessings of the FDA Commissioner to go along and complete my work on this, and get a Senate companion bill, and there I need everybody's help. I need a Senator who is going to appreciate the fact of what is going on around this country, and let's help cancer victims.

PREPARED STATEMENT

Senator WEICKER. Gertrude, I want to thank you very much for your testimony, and your obvious heartfelt concern for those who are suffering. You are a very lovely lady to give of your time to come here and express yourself.

Ms. ENGEL. Thank you very much. I want to tell you how marvellous you are.

[The statement follows:]

STATEMENT OF GERTRUDE ENGEL

Mr. Chairman and the illustrious members of the Appropriations Committee, I am Gertrude Engel.

I represent the American Health Education Foundation and our more than 600,000 readers. Also, Mr. Victor Earl Irons, our 91-year-old "Mr. America for Health" from Cottonwood, CA.

The honor and privilege of appearing before you is appreciated and I will try to relate a quick update on the Laetrile issue.

The Honorable William Goodling (Republican, Pennsylvania) introduced H.R. 1471 allowing nontoxic Laetrile for relief of pain concerning cancer victims under the care of a physician. This was followed by a Dear Colleague letter.

Dr. Frank Young, Commissioner of the Food and Drug Administration tendered his approval to make this measure a Federal law.

The Honorable Judge Luther Bohanon, of the U.S. District Court for the Western District of Oklahoma, recently ruled to keep the affidavit system signed by a medical doctor intact.

The FDA issued a compassion plea for the use of Laetrile sometimes referred to as Amygdalin.

We are now awaiting a Senate companion bill.

In the meantime, January 28, 1986, in the U.S. Court of Appeals, Tenth Circuit, Denver, CO, a hearing was held before a three-judge panel asking the court to reverse Judge Luther Bohanon's decision. It was a sad scene—it aroused my sensitive nature hearing the distorted facts by Attorney Al J. Daniel, Jr., of the Justice Department.

A crowd including cancer patients assembled in the court room, Colorado is one of the 23 States that legalized Laetrile.

I will elaborate more in detail with your permission, please.

My research "Brief Amicus Curiae" for the U.S. Supreme Court was admitted in the Denver court.

I remember Justice Thurgood Marshall's remark, "Should we, sitting in a court of equity—decide the fate of Laetrile—it should be administrative and not a judicial decision. Wade McCree, former Solicitor General said, "I am wondering about that myself." Court adjourned—9 to 0 decision—remanded back to the lower court.

Many public utterances continue, wherever I travel, "don't take my Laetrile away from me."

In the Phoenix Gazette—1979—documented testimonials from 76 people—Laetrile was overwhelmingly approved.

Robert Henderson, P.D., N.D., Henderson Metabolic Service in Baltimore, MD, asserts that Laetrile reduces severity of pain. He believes that most Americans will be subjected to the same depressing cancer statistics for a long time. Therefore, he is very anxious for a Federal law, a betterment for cancer sufferers.

As of this date there is no decision from the Denver court.

We are asking, please, to show a little love in your heart for freedom of choice.

Sometimes individual wisdom supersedes scientific evidence.

Eternal blessings and God's constant care for your health, happiness, and humor.

We love you.

STATEMENT OF LOUIS M. SHERWOOD, M.D., MEMBER, ASSOCIATION OF PROFESSORS OF MEDICINE, PROFESSOR AND CHAIRMAN, DEPARTMENT OF MEDICINE, ALBERT EINSTEIN SCHOOL OF MEDICINE

Senator **Weicker**. Next is Dr. Louis M. Sherwood, a member of the Association of Professors of Medicine, professor and chairman of the Department of Medicine at Albert Einstein School of Medicine.

Dr. **Sherwood**. Good morning, Senator Weicker.

I appreciate the opportunity to be here today. I am Dr. Louis Sherwood, chairman of the Department of Medicine at the Albert Einstein College of Medicine of Yeshiva University. I am here today representing the Association of Professors of Medicine, the organization that represents the chairpersons of departments of internal medicine in the Nation's medical schools.

I appreciate this opportunity to share the association's views regarding the fiscal year 1987 funding for the National Institutes of Health

[NIH]. Funding for the NIH is of great importance to the members of our association because we are physician scientists and because faculty in our departments receive approximately one-half or 50 percent of the NIH grants made each year to clinical departments in U.S. medical schools.

On behalf of the 10,000 full-time faculty in departments of medicine, the association wishes to express appreciation to the chairman and members of this subcommittee for your unrelenting efforts to assure adequate Federal funding for our national biomedical research endeavor.

Your strong support for the research agencies of the Public Health Service [PHS] is particularly important in light of surveys indicating that the overwhelming majority of Americans favor increased funding for basic research and for medical science in particular.

In addition, the research community is gratified by the fact that the Congress has recognized the enormous potential of recent biomedical discoveries and has insisted upon funding levels that better enable us to pursue the existing bioscientific leads that are being identified on an almost daily basis.

Certainly, all of us recognize that the Federal budget deficit must be reduced if we are to enjoy economic stability. Consequently, we will not presume to suggest that Federal spending for research and development should be increased. Rather, the association appeals to the members of this subcommittee to assure that health research receives an appropriate share of overall research and development expenditures. It is apparent that the administration believes the Government can afford to strengthen its research programs. Under the President's budget, total Federal research and development would increase by approximately 16 percent. In fact, the research programs of the Department of Defense [DOD] would receive an $8.3 billion increase—25 percent above the current year's spending, and significantly more than the health budget.

Particularly when compared to budgetary growth of this magnitude, the administration's proposal to reduce funding for the National Institutes of Health seems to us somewhat of a national disgrace. We are appalled by the administration's research priorities as exemplified by budgetary proposals to:

Reduce funding for research on the deadly disease acquired immune deficiency syndrome [AIDS] while proposing 70 percent growth in the star wars research budget;

Reduce by almost 1,000 the number of NIH competitive grants awarded for the study of disorders such as heart disease, arthritis, and Alzheimer's disease, while proposing an increase of almost $2.4 billion, or 60 percent, in DOD advanced technology development programs;

Rescind $9 million from the NIH research development program for small and minority schools while proposing the initiation of a $43 million DOD/National Aeronautics and Space Administration transatmospheric research and technology program;

Phase out the NIH facilities construction program while proposing a $453 million budget for defense research and development facilities—a 16-percent increase over the current year.

I would like to emphasize that the association fully recognizes that an adequately funded military research program is essential to our national security interests. However, the President's request for defense research and development is more than eight times the amount proposed for the NIH.

As Senator Weicker himself has emphasized recently, in 15 months, the Department of Defense spends more on research than the National Institutes of Health has in its entire history, from 1937 to the present.

We do not believe that the importance of weapons research is eight times greater than the potential benefits of the biomedical research efforts. We respectfully suggest that if the administration is intent upon such disproportionate growth in the military research and development, it should identify sources of additional revenue to cover the increased costs rather than draining the budgets of other research agencies.

Against this background, the association believes that NIH budgetary growth can continue without impinging on deficit reduction efforts. Specifically, we strongly support the recommendation of the Ad Hoc Group for Medical Research Funding to increase the NIH budget to $6.069 billion in fiscal year 1987. This 10-percent increase would allow stable support for investigator-initiated awards at study section-recommended levels; modest growth in research center funding as well as training and career development support; and provide additional funding to upgrade deteriorating facilities and outmoded research laboratories.

In addition, it will provide the funding necessary for the establishment and operation of the new institute and the nursing research center recently established by the Congress. We believe that this is a responsible proposal which recognizes the funding requirements of a productive bioscience effort within the context of the need to control Government spending.

PREPARED STATEMENT

In closing, may I again express the association's appreciation to the members of this subcommittee for your efforts on behalf of medical research. As supporters of the PHS research agencies, you have acted to protect the most important element of our national security—the public health. We hope that you will again prevail in resisting the administration's proposal to shortchange our Nation's bioscientific effort. I would be happy to answer any questions you may have.

[The statement follows:]

STATEMENT OF LOUIS M. SHERWOOD

Good morning. I am Dr. Louis Sherwood, chairman of the department of medicine at the Albert Einstein College of Medicine of Yeshiva University. I am here today representing the Association of Professors of Medicine (APM), the organization that represents the chairpersons of departments of internal medicine in the nation's medical schools. I appreciate this opportunity to share the Association's views regarding FY 1987 funding for the National Institutes of Health (NIH). Funding for the NIH is of great importance to the members of our Association because we are physician scientists and because faculty in our departments receive approximately half of the NIH grants made each year to clinical departments in U.S. medical schools.

On behalf of the 10,000 full-time faculty in departments of medicine, the Association wishes to express appreciation to the chairman and members of this Subcommittee for your unrelenting efforts to assure adequate Federal funding for our national biomedical research endeavor. Your strong support for the research agencies of the Public Health Service is particularly important in light of surveys indicating that the overwhelming majority of Americans favor increased funding for basic research and for medical science in particular. In addition, the research community is gratified by the fact that the Congress has recognized the enormous potential of recent biomedical discoveries and has insisted upon funding levels that better enable us to pursue the exciting bioscientific leads that are being identified on an almost daily basis.

Certainly, all of us recognize that the Federal budget deficit must be reduced if we are to enjoy economic stability. Consequently, I will not presume to suggest that Federal spending for research and development should be increased. Rather, the Association appeals to the members of this Subcommittee to assure that health research receives an appropriate share of overall R&D expenditures. It is apparent that the Administration believes the government can afford to strengthen its research programs. Under the President's budget, total Federal R&D spending would increase by approximately 16%. In fact, the research programs of the Department of Defense would receive an $8.3 billion increase -- 25% above the current year's spending. Particularly when compared to budgetary growth of this magnitude, the Administration's proposal to reduce funding for the National Institutes of Health seems to us somewhat of a national disgrace. We are appalled by the Administration's research priorities as exemplified by budgetary proposals to:

- reduce funding for research on the deadly disease AIDS while proposing 70% growth in the "star wars" research budget
- reduce by almost 1,000 the number of NIH competitive grants awarded for the study of disorders such as heart disease, arthritis, and Alzheimer's disease, while proposing an increase of almost $2.4 billion, or 60%, in DOD advance technology development programs
- rescind $9 million from the NIH research development program for small and minority schools while proposing the initiation of a $43 million DOD/NASA transatmospheric research and technology program
- phase out the NIH facilities construction program while proposing a $453 million budget for defense R&D facilities -- a 16% increase over the current year

I would like to emphasize that the Association fully recognizes that an adequately funded military research program is essential to our national security interests. However, the President's request for defense R&D is more than eight times the amount proposed for the NIH. We do not believe that the importance or promise of weapons research is eight times greater than the potential benefits of today's biomedical research effort. We respectfully suggest that if the Administration is intent upon such disproportionate growth in the military R&D budget, it should identify sources of additional revenue to cover the increased costs rather than draining the budgets of other research agencies.

Against this background, the Association believes that NIH budgetary growth can continue without impinging upon deficit reduction efforts. Specifically, we support the recommendation of the Ad Hoc Group for Medical Research Funding to increase the NIH budget to $6.069 billion in FY 1987. This 10% increase over the FY 1986 appropriation would allow stable support for investigator-initiated awards at study section-recommended levels; modest growth in research center funding as well as training and career development support; and additional funding to upgrade and renovate deteriorating animal care facilities and outmoded research laboratories. In addition, it will provide the funding necessary for the establishment and operation of the new institute and the nursing research center recently established by the Congress. We believe that this is a responsible proposal which recognizes the funding requirements of a productive bioscience effort within the context of the need to control government spending.

In closing, may I again express the Association's appreciation to the members of this subcommittee for your efforts on behalf of medical research. As supporters of the PHS research agencies, you have acted to protect the most important element of our national security--the public health. We hope that you will again prevail in resisting the Administration's proposal to shortchange our nation's bioscientific effort. I would be happy to answer any questions.

Senator WEICKER. Dr. Sherwood, thank you very much. I also want to express my appreciation for having been honored by one great medical schools of this country, which is Albert Einstein. I think the points that you make are right on target. Tragically, I have come to the conclusion that the reason why these cuts are imposed in the areas of science, education, et cetera, is that they can be imposed by this administration without any political fallout because people don't understand what is going on.

I think, as I stated in my comments at Albert Einstein, it is now up to the academic and scientific communities, and the medical community to tell their students and their patients as to what is going on. If, indeed, people want to speculate on what happens to their loved ones in terms of the Soviets 10 years hence, I would suggest that they should better be concerned with the life and death of their loved ones, which is no speculation today.

Nobody has to apologize in this room, be it Senator, Congressman, or doctors, or laymen, over the love of country in terms of what we want for our military, but to have that kind of a cancer growing from within does us little good as to what might happen 10, 20, or 30 years from now.

I thank you for your comments, and I thank you for them. As I said, in my remarks of a few days ago, I just hope that you people help me at this stage of the game, and really make it an election year issue, because this is the time when the American people can state clearly what they want in the way of priorities.

It is not only what I can do, but there is a remedy right there in November. As I said, I don't care if it is a Democrat, a Republican, or anyone else, when it comes to setting our system of priorities, I believe in bringing those persons who believe that the agenda should be one of life, rather than death.

Dr. SHERWOOD. Thank you, Senator. It has been exciting for many of us who have lived through the era of the growth of the new biology and technology, and have seen the transformation of biomedical research to the benefit of the patients, and to the American population. Congress has been very supportive in the past, and we hope that it will continue to be.

Senator WEICKER. Thank you very much.

STATEMENT OF HON. RON DE LUGO, DELEGATE, THE VIRGIN ISLANDS

Senator WEICKER. Next we have Congressman Ron de Lugo of the Virgin Islands.

Mr. DE LUGO. Thank you, Mr. Chairman. I really appreciate your taking me out of turn, since I was not available last week to come before your committee.

I want to thank you for all that you have done for education and the Virgin Islands. We have a number of good friends on this side, but you are the best when it comes to education.

I am before you again to request funding for two programs that you have helped us with in the past, general assistance to the Virgin Islands and teacher training for each of the United States insular areas. Each year, Congress has appropriated funds for these programs and maintained that funding, despite no allowance for the programs in the President's budget requests and rescissions proposed for appropriations made by the Congress.

I want to thank you in particular, Mr. Chairman, for your commitment to education in the Virgin Islands and your continued support for these programs.

Congress reauthorized the general assistance and teacher training programs in 1984, as part of Public Law 98–511. The appropriations I seek are for the full amounts authorized, $5 million in general assistance to the Virgin Islands and $2 million for all of the territories in teacher training assistance.

Your support over the years suggests the subcommittee's familiarity with the success and importance of these programs. General assistance funds would supplement local education expenditures. Education is the largest single budget allocation in the territory, accounting for one-quarter of the budget. As recognized in the authorizing legislation, the education demands made by the resident community are considerable, and leave little flexibility to respond to the laudible, but costly, Federal requirements that noncitizens be educated.

Federal immigration policy required the Virgin Islands to accommodate far more noncitizens than is reasonable given the territory's size and economy. Over the years, the Virgin Islands has educated 30,000 of these students in its elementary and secondary schools. Of the 25,450 students in local public schools, 3,500 of them are noncitizens. If second generation children are included, for example, those born in the Virgin Islands whose parents were temporary workers, the number would increase to over 50 percent of the student population.

The administration has suggested that the Virgin Islands may reprogram funding received under chapter II to handle some of the construction projects that the Virgin Islands must face in order to accommodate its student body. While the Virgin Islands may consolidate its Federal programs to concentrate funds according to where the most pressing need lies, there is no authority to spend this money for projects which are outside of existing authorizations.

Even if there were, the Virgin Islands is struggling to provide a decent education to its students as it is. To speak of reprogramming funds ignores the fact that the funds reprogrammed for construction would leave other important projects wanting.

The teacher training assistance is another means of addressing another facet of the education problem facing the Virgin Islands, and the other United States territories. The program is designed to build the pool of local teachers with a view toward reducing the hazardous reliance on teachers from the mainland. By that I mean, teachers from the mainland come, and their commitment is for a brief period, and then we are left hanging. Mainland teachers are often not prepared to cope with the cultural differences both in the island communities and in their students. The result is a problem both in qualification and continuity.

The administration has suggested that the objectives of this program may be achieved under its proposed State grant teacher training program. The proposal would roll a number of training programs into one, and would have a $75 million budget.

The thrust of that program, as I understand it, Mr. Chairman, is teacher excellence. Teacher training programs in the Virgin Islands provide an avenue for the territories to catch up with the mainland. The territories are currently interested in providing a local corps of teachers who have degrees in teaching and certification.

The territories need the targeted funding provided under the teacher training program to simply train enough teachers to take care of those students. However, at the present time, we have a serious shortage. In fact, there were headlines the other day, there were 250 students in our central high school in St. Croix without teachers.

So I would again ask that you help us.

Senator WEICKER. I will be glad to support you. We talk about $100 million to Nicaragua. We talk about $20 million to Honduras. This is all mind boggling as far as the whole Caribbean is concerned, and then we have our own islands.

The Virgin Islands have done a good thing, which might pose later problems, but in terms of getting an education it is a good thing, then taking that education and putting it to use elsewhere.

You can rest assured that we will support the previous figures. It is just a small amount, but it is tremendously important.

Mr. DE LUGO. You are absolutely right, Mr. Chairman, that it works for our country because the people of other nations are attracted to the U.S. Virgin Islands because it is a successful territory of the United States which is educating their children, many of whom are returning to the other islands to become the leaders, and are pro-American, friends of the United States as was borne out by recent events in this area.

PREPARED STATEMENT

Senator WEICKER. You are doing a very good job in the Virgin Islands, and we support you in that effort. Thank you.

[The statement follows:]

STATEMENT OF HON. RON DE LUGO

I COME BEFORE THIS SUBCOMMITTEE TO REQUEST FUNDING FOR TWO PROGRAMS, GENERAL ASSISTANCE TO THE VIRGIN ISLANDS AND TEACHER TRAINING FOR EACH OF THE U.S. INSULAR AREAS. EACH YEAR, CONGRESS HAS APPROPRIATED FUNDING FOR THESE PROGRAMS AND MAINTAINED THAT FUNDING, DESPITE NO ALLOWANCE FOR THE PROGRAMS IN THE PRESIDENT'S BUDGET REQUESTS AND RESCISSIONS PROPOSED FOR APPROPRIATIONS MADE BY THE CONGRESS. I WANT TO THANK YOU IN PARTICULAR, MR. CHAIRMAN, FOR YOUR COMMITMENT TO EDUCATION IN THE VIRGIN ISLANDS AND YOUR CONTINUED SUPPORT FOR THESE PROGRAMS.

CONGRESS REAUTHORIZED THE GENERAL ASSISTANCE AND TEACHER TRAINING PROGRAMS IN 1984, AS PART OF PUBLIC LAW 98-511. THE APPROPRIATIONS I SEEK ARE FOR THE FULL AMOUNTS AUTHORIZED: FIVE MILLION DOLLARS IN GENERAL ASSISTANCE TO THE VIRGIN ISLANDS AND TWO MILLION DOLLARS FOR ALL OF THE TERRITORIES IN TEACHER TRAINING ASSISTANCE.

YOUR SUPPORT OVER THE YEARS SUGGESTS THE SUBCOMMITTEE'S FAMILIARITY WITH THE SUCCESS AND IMPORTANCE OF THESE PROGRAMS. GENERAL ASSISTANCE FUNDS WOULD SUPPLEMENT LOCAL EDUCATION EXPENDITURES. EDUCATION IS THE LARGEST SINGLE BUDGET ALLOCATION IN THE TERRITORY, ACCOUNTING FOR A QUARTER OF THE BUDGET. AS RECOGNIZED IN THE AUTHORIZING LEGISLATION, THE EDUCATION DEMANDS MADE BY THE RESIDENT COMMUNITY ARE CONSIDERABLE, AND LEAVE LITTLE FLEXIBILITY TO RESPOND TO THE LAUDIBLE, BUT COSTLY FEDERAL REQUIREMENT THAT NON-CITIZENS BE EDUCATED.

FEDERAL IMMIGRATION POLICY REQUIRED THE VIRGIN ISLANDS TO ACCOMMODATE FAR MORE NON-CITIZENS THAN IS REASONABLE GIVEN THE

TERRITORY'S SIZE AND ECONOMY. BECAUSE WE ARE PART OF THE UNITED STATES, THE VIRGIN ISLANDS IS A MAGNET FOR THOSE IN THE EASTERN CARIBBEAN CHAIN OF ISLANDS WHO COME IN SEARCH OF OPPORTUNITY WHICH IS EVEN MORE ELUSIVE IN THEIR NATIVE ISLANDS. WHILE I WAS SUCCESSFUL IN PASSING LEGISLATION THAT ELIMINATES THE POORLY RUN TEMPORARY WORKER PROGRAM IN THE VIRGIN ISLANDS, THE SCHOOLS ARE STILL STRUGGLING TO ACCOMMODATE CHILDREN OF IMMIGRANTS, ILLEGALS AND BENEFICIARIES OF THE TERMINATED H-2 PROGRAM. OVER THE YEARS, THE VIRGIN ISLANDS HAS EDUCATED 30,000 OF THESE STUDENTS IN ITS ELEMENTARY AND SECONDARY SCHOOLS. OF THE 25,450 STUDENTS IN LOCAL PUBLIC SCHOOLS, 3,500 OF THEM ARE NONCITIZENS. IF SECOND GENERATION CHILDREN ARE INCLUDED, FOR EXAMPLE THOSE BORN IN THE VIRGIN ISLANDS WHOSE PARENTS WERE TEMPORARY WORKERS, THE NUMBER WOULD INCREASE TO OVER FIFTY PERCENT OF THE STUDENT POPULATION.

THE ADMINISTRATION HAS SUGGESTED THAT THE VIRGIN ISLANDS MAY REPROGRAM FUNDING RECEIVED UNDER CHAPTER TWO TO HANDLE SOME OF THE CONSTRUCTION PROJECTS THAT THE VIRGIN ISLANDS MUST FACE IN ORDER TO ACCOMODATE ITS STUDENT BODY. WHILE THE VIRGIN ISLANDS MAY CONSOLIDATE ITS FEDERAL PROGRAMS TO CONCENTRATE FUNDS ACCORDING TO WHERE THE MOST PRESSING NEED LIES, THERE IS NO AUTHORITY TO SPEND THIS MONEY FOR PROJECTS WHICH ARE OUTSIDE OF EXISTING AUTHORIZATIONS. EVEN IF THERE WERE, THE VIRGIN ISLANDS IS STRUGGLING TO PROVIDE A DECENT EDUCATION TO ITS STUDENTS AS IT IS. TO SPEAK OF REPROGRAMMING FUNDS IGNORES THE FACT THAT THE FUNDS REPROGRAMMED FOR CONSTRUCTION WOULD LEAVE OTHER IMPORTANT PROJECTS WANTING.

THE TEACHER TRAINING ASSISTANCE IS A MEANS OF ADDRESSING

ANOTHER FACET OF THE EDUCATION PROBLEM FACING THE VIRGIN ISLANDS, AND THE OTHER U.S. TERRITORIES. THE PROGRAM IS DESIGNED TO BUILD THE POOL OF LOCAL TEACHERS WITH A VIEW TOWARDS REDUCING THE HAZARDOUS RELIANCE ON TEACHERS FROM THE MAINLAND. SEVERE PROBLEMS HAVE RESULTED FROM SUCH RELIANCE. MAINLAND TEACHERS ARE OFTEN NOT PREPARED TO COPE WITH THE CULTURAL DIFFERENCES BOTH IN THE ISLAND COMMUNITIES AND IN THEIR STUDENTS. THE RESULT IS A PROBLEM BOTH IN QUALIFICATION AND CONTINUITY.

THROUGH GRANTS WHICH GO TO TERRITORIAL COLLEGES, THE TEACHER TRAINING PROGRAM HELPS INSULAR AREAS TO TRAIN LOCAL PEOPLE WHO UNDERSTAND THE CULTURAL SETTING, AND WHO ARE COMMITTED TO THE COMMUNITY AND ITS SCHOOLS. THERE ARE 174 STUDENTS CURRENTLY IN THE VIRGIN ISLANDS TEACHER TRAINING PROGRAM. FIFTY-SIX TEACHERS HAVE GRADUATED, AND ALL ARE TEACHING IN LOCAL SCHOOLS. WHILE THE MAJORITY OF THE TEACHERS IN THE VIRGIN ISLANDS ARE STILL FROM THE MAINLAND, THE PROGRAM HAS SIGNIFICANTLY INCREASED THE LOCAL POOL OF TEACHERS.

THE ADMINISTRATION HAS SUGGESTED THAT THE OBJECTIVES OF THIS PROGRAM MAY BE ACHIEVED UNDER ITS PROPOSED STATE GRANT TEACHER TRAINING PROGRAM. THE PROPOSAL WOULD ROLL A NUMBER OF TRAINING PROGRAMS INTO ONE, AND WOULD HAVE A 75 MILLION DOLLAR BUDGET. WHILE I AM NOT PREPARED TO ADDRESS THE PROS AND CONS OF THIS PROPOSAL, I WILL SAY THAT I AM LEARY OF DILUTING A PROGRAM TARGETED AT RESOLVING THE TERRITORIES' SPECIFIC NEED TO PROVIDE QUALIFIED TEACHERS INDIGENOUSLY. I WOULD SURELY HATE TO LOSE IT.

I HAVE TRIED TODAY TO REFRESH YOUR MEMORIES ON THE IMPORTANCE OF THE GENERAL ASSISTANCE AND TEACHER TRAINING

PROGRAMS TO THE VIRGIN ISLANDS. I FIRMLY BELIEVE THAT DOLLARS ALLOCATED TO THE PROGRAMS YIELD SUFFICIENT RETURNS TO WARRANT THE FUNDING REQUESTED, AND I SAY THIS WITH FULL APPRECIATION FOR THE BUDGETARY CONSTRAINTS THIS COMMITTEE IS BOUND TO ADDRESS.

I WILL BE HAPPY TO ANSWER ANY QUESTIONS THE MEMBERS OF THIS SUBCOMMITTEE MAY HAVE REGARDING THESE TWO PROGRAMS, AND THANK YOU FOR YOUR CONSIDERATION.

STATEMENT OF SCOTT R. SWIRLING, EXECUTIVE DIRECTOR, NATIONAL FAMILY PLANNING AND REPRODUCTIVE HEALTH ASSOCIATION

Senator WEICKER. Next witness is Scott Swirling, executive director, National Family Planning and Reproductive Health Association.

Mr. SWIRLING. Thank you, Mr. Chairman, for this opportunity to testify today on appropriation for title X of the National Family Planning Program.

The National Family Planning and Reproductive Health Association represents the entire family planning community, from consumers to State, county, and local health departments; from hospital-based clinics to affiliates of the Planned Parenthood Federation of America; from umbrella funding council to independent private nonprofit clinics and individual health care professionals.

Title X is the primary source of Federal funding for subsidized voluntary family planning services in this country. Since its inception in 1970, the national family planning network under title X has enjoyed broad bipartisan support in Congress.

I urge you and your congressional colleagues to sustain that longstanding commitment to quality reproductive health care for all by appropriating $149.6 million for title X programs in fiscal year 1987. $149.6 million is the amount authorized in the reauthorization bill which was recently reported, a bill of which you were one of the primary sponsors.

In this year of budgetary austerity, the Federal investment in family planning is more valuable than ever before. Title X is a medical program that serves the poor and the medically indigent. Title X clinics are the entry point for millions of low-income women and adolescents into the Nation's health care system.

An estimated 800,000 unintended pregnancies, including 425,000 among teenagers, are prevented each year as a direct result of the National Family Planning Program. Every Federal dollar invested in title X results in a $2 savings in public health care and social services costs in the next year alone. For teenagers, the cost/benefit ratio represents a $3 saving for every $1 spent.

The need for continued support for title X is clear and considerable. Even with title X, 56 percent of the 9.5 million low-income women and 69 percent of the 5 million sexually active teenagers in need of subsidized family planning services cannot obtain medically supervised reproductive health care.

Federal, State, and local financial support for family planning has never reached a level commensurate with need. Since the early 1970's, the number of medically indigent family planning clients has grown more than 60 percent, yet Federal funding for family planning has not increased in real dollars since 1973.

If title X appropriations had kept pace with inflation, the level of Federal funding would be $210 million this year. The House budget resolution passed last year identified title X as a priority program, and sought an appropriation of at least $144 million for the title X program.

Despite title X's record of accomplishment, the Reagan administration has consistently sought to repeal the title X program for ideological and political reasons and, failing that, to significantly reduce the program's funding and undertake administrative harassment designed to destroy the integrity and efficacy of the National Family Planning Program.

Grantees also suffered from harrassment through an unprecedented number of audits instigated by the Department of Health and Human Services [HHS] Office of the Inspector General and the General Accounting Office, but the audits failed to find a single violation of law or regulation.

Family planning providers have had to fight legislative and judicial battles over confidential services for teenagers. Title X providers have also had to fend off the Kemp/Hatch amendment and similar attempts to restrict pregnancy counseling and referral. Medical ethics and legal notions of informed consent require that a physician provide information on all medically indicated legal options. Kemp/Hatch would not prevent poor women from seeking out abortions, but only undermine the quality and efficacy of title X services.

Women who depend on federally subsidized reproductive health care services have as great a right to complete information about all safe and legal medical options as those who can afford care from private practitioners.

Title X funds have never subsidized abortion procedures. Yet, under the guise of opposing abortions, some individuals and groups have sought to undermine the single most effective Federal program for reducing the need for abortion—title X.

Title X is a medical program serving poor Americans, but it also authorized contraceptive research and development, and research in the reproductive and behavioral sciences. The development of improved methods of contraception could help reduce the number of unintended pregnancies in this country, which accounted for 55 percent of all pregnancies last year. Less than 10 percent of the current budget of the Center for Population Research of the National Institute of Child Health and Human Development [NICHD] goes for contraceptive development. For that reason, we request that Congress appropriate $126.7 million for NICHD population research and grant a special additional appropriation of $20 million each year for the next 5 years to focus on improving contraceptive technology.

With the loss of the intrauterine device [IUD] from the market, there are constraints in using various types of contraceptives, so it is very important that NICHD focus on developing new sorts of contraceptives for all Americans.

PREPARED STATEMENT

Senator WEICKER. Thank you, Mr. Swirling. We appreciate your testimony.

[The statement follows:]

STATEMENT OF SCOTT R. SWIRLING

RECOMMENDATIONS OF THE NATIONAL FAMILY PLANNING AND REPRODUCTIVE HEALTH ASSOCIATION FOR FISCAL YEAR 1987 APPROPRIATIONS FOR THE TITLE X (PHS ACT) FAMILY PLANNING PROGRAM

1. Reject administration efforts to place federal support for family planning services into a primary care block grant and reauthorize Title X for three years.
2. Resist all efforts to compromise the quality, confidentiality, or scope of Title X services by opposing mandatory parental consent requirements and restrictions on family planning counseling and referral.
3. Appropriate $149,600,000 for programs under Title X: $145,700,000 for service program grants and contracts; $3,200,000 for training program grants and contracts; and $500,000 for the development and testing of informational and educational materials and programs. These figures are equal to the fiscal year 1987 authorization levels approved on December 11, 1985 by the Senate Committee on Labor and Human Resources in S. 881, the reauthorization legislation for Title X.
4. Appropriate $126,700,000 for the Center for Population Research within the National Institute of Child Health and Human Development.
5. Appropriate $20,000,000 for the specific development and evaluation of new or improved contraceptives.

Mr. Chairman and Members of the Subcommittee:

I am Scott R. Swirling, Executive Director of the National Family Planning and Reproductive Health Association, Inc. (NFPRHA). I want to thank you and this subcommittee for the opportunity to address the issue of continued funding for programs under Title X of the Public Health Service Act, "Population Research and Voluntary Family Planning Programs."

The National Family Planning and Reproductive Health Association (NFPRHA) is a national nonprofit membership association headquartered in Washington, D.C., established to improve and expand the delivery of voluntary family planning and reproductive health care services throughout the United States. As the only national organization representing the entire family planning community, from consumers to state, county and local health departments; from hospital-based clinics to affiliates of the Planned Parenthood Federation of America; from umbrella funding councils to independent private nonprofit clinics and individual health care professionals, NFPRHA is committed to establishing and maintaining reproductive health care as a high priority preventive health care service in this country.

Title X is the primary source of federal funding for subsidized voluntary family planning services in this country. Since its inception in 1970, the national family planning network under Title X has enjoyed broad bipartisan support in Congress. I urge you and your Congressional colleagues to sustain that long-standing commitment to quality reproductive health care for all by appropriating $149.6 million for Title X programs in Fiscal Year 1987.

In this year of budgetary austerity, the federal investment in family planning is more valuable than ever before.

Title X is a medical program that serves the poor and the medically indigent.

Title X clinics are the entry point for millions of low-income women and adolescents into the nation's health care system.

An estimated 800,000 unintended pregnancies, including 425,000 among teenagers, are prevented each year as a direct result of the national family planning program.

Every federal dollar invested in Title X results in a two-dollar savings in public health care and social services costs in the next year alone. And for teenagers, the cost benefit ratio represents a three-dollar saving for every dollar spent.

Typical Title X programs offer clinical health services (physical examinations, contraceptive information and services, pap tests, venereal disease screening and treatment, cancer screening, hemoglobin tests, urinalysis, pregnancy testing and diagnosis, and basic gynecological care); counseling services (for adolescents, medical problems, parent/teen, nutrition, infertility, maternal and child health, and problem pregnancies); services for men (counseling, education, condoms); special teen clinics; adolescent health education programs; and community education programs.

The need for continued support for Title X is clear and considerable. Even with Title X, fifty-six percent of the 9.5 million low-income women and 69 percent of the five million sexually-active teenagers in need of subsidized family planning services cannot obtain medically supervised reproductive health care.

Federal, state, and local financial support for family planning has never reached a level commensurate with need. Since the early 1970's, the number of medically indigent family planning clients has grown more than 60 percent, yet federal funding for family planning has not increased in real dollars since 1973.

In the last five years, Title X's appropriation has gone from $162 in FY 1981 to $142.5 million in FY 1986 before the Gramm-Rudman-Hollings recisions. Inflationary increases alone should have brought the current level of Title X funding to $210 million by this year.

The Gramm-Rudman-Hollings deficit reduction law is expected to cut non-exempt social programs to one-third of their current budgets by 1991. For Title X, the cuts will result in the elimination of services to over 1 million medically indigent women and adolescents. The irony of this is, of course, that a program which has proven as cost-efficient and effective as Title X will be cut, resulting in far greater social and financial costs down the line.

Despite Title X's record of accomplishment, the Reagan administration has consistently sought to repeal the Title X program for ideological and political reasons, and failing that, to significantly reduce the program's funding and undertake administrative harassment designed to destroy the integrity and efficacy of the national family planning program. The clinics have stayed open, but the belt-tightening shows. Operating hours have been reduced, staff have been cut, and indigent patients have been asked to contribute more to the cost of services.

While struggling with draconian budget cuts, Title X grantees have also suffered an unprecedented number of audits in the past five years. Instigated by the Department of Health and Human Services Office of Inspector General and the General Accounting Office, the audits failed to find a single violation of law or regulation.

Family planning providers have had to fight legislative and judicial contests over confidential services for teenagers. Attempts to institute nationwide mandatory parental consent for all minors receiving Title X family planning services, both administrative (the infamous "Squeal Rule") and legislative (the Helms/Dannemeyer amendment), have failed. No evidence suggests that such restrictions will forestall teenage sexual behavior, but there exists ample evidence that such restrictions will aggravate the crisis in teenage childbearing we already face in this country.

Title X providers have also had to fend off the Kemp/Hatch amendment and similar attempts to restrict pregnancy counseling and referral. Medical ethics and legal notions of informed consent require that a physician provide information on all medically indicated legal options. Kemp/Hatch would not prevent poor women from seeking out abortions, but only undermine the quality and efficacy of Title X services. Women who depend on federally subsidized reproductive health care services have as great a right to complete information about all safe and legal medical options as those who can afford care from private practitioners.

Title X funds have never subsidized abortion procedures. Yet, under the guise of opposing abortions, some individuals and groups have sought to undermine the single most effective federal program for reducing the need for abortion -- Title X.

Despite the attempts of the Reagan administration, the successes of the Title X family planning program cannot be ignored, and they speak forcefully for the reauthorization of Title X for three years and for NFPRHA's request that this subcommittee and Congress approve an appropriation for Title X for fiscal year 1987 of $149.6 million. NFPRHA is encouraged by the movement in the Senate of S. 881, the reauthorization of Title X through fiscal year 1989, and looks forward to passage of similar legislation in the House.

Title X is a medical program serving poor Americans, but it also authorizes contraceptive research and development, and research in the reproductive and behavioral sciences. The development of improved methods of contraception could help reduce the number of unintended pregnancies in this country, which accounted for 55 percent of all pregnancies last year. Less than ten percent of the current budget of the Center For Population Research of the National Institute of Child Health and Human Development (NICHD) goes for contraceptive development. For that reason, NFPRHA requests that Congress appropriate $126.7 million for NICHD population reseach and grant a special additional appropriation of $20 million each year for the next five years to focus on improving contraceptive technology.

SUMMARY

For fiscal 1987, NFPRHA requests that Congress fund Title X at its full authorization level of $149.6 million, and support contraceptive development with a special supplementary fund of $20 million. Adequate funding of family planning and contraceptive research programs will send a strong message that Congress and this committee hold reproductive health care as a high priority, even in these times of fiscal constraint.

Thank you very much for your consideration of our requests. I would be happy to answer any questions you may have.

STATEMENT OF MARCELLUS GRACE, PH.D., SECRETARY/TREASURER, ASSOCIATION OF MINORITY HEALTH PROFESSIONS SCHOOLS; AND DEAN, COLLEGE OF PHARMACY, XAVIER UNIVERSITY

Senator WEICKER. Next we have Dr. Marcellus Grace, secretary/treasurer, Association of Minority Health Professions Schools, and dean of the College of Pharmacy, Xavier University, New Orleans, LA.

Dr. GRACE. Thank you very much for permitting us to appear again this year to talk to you about our needs in health professional training.

The Association of Minority Health Professions Schools includes the Morehouse School of Medicine, Xavier University College of Pharmacy, Meharry Medical and Dental Colleges, Florida A&M University College of Pharmacy, Texas Southern University School of Pharmacy, Charles R. Drew Postgraduate Medical School, and Tuskegee Institute School of Veterinary Medicine. The eight institutions of our association have graduated 43 percent of the Nation's black physicians and dentists, 50 percent of the Nation's black pharmacists, and 90 percent of the Nation's black veterinarians.

Each of our institutions and the students who attend our school rely heavily upon Federal institutional support. The collective and individual goals of our institutions is to increase the number of black and other minority health professionals in the Nation, and they are affected profoundly by your subcommittee's recommendations.

Mr. Chairman, for fiscal year 1987, the President's proposals are not realistic. It is difficult for us to take these proposals seriously when the President and the Office of Management and Budget do not seriously examine the real health status gap among blacks and whites in this Nation, and the existing disparity among health professionals. Currently, black infants are twice as likely to die in their first year as are white infants. Life expectancy for blacks is significantly lower than that of whites.

Similarly, blacks suffer a disproportionately high incidence of certain types of cancer, hypertension, diabetes, and other disorders. The administration has demonstrated its callous views toward the goals of establishing a degree of parity among blacks and whites in health status, and its acute misunderstanding of the health and education disparities that exist in the Nation by proposing a zeroing out of over $150 million in funding for health professions and research support in fiscal year 1987. Earlier, the Congress denied the administration's further budget cutting wishes for rescissions of most of these resources for fiscal year 1986. We appreciate your support in this regard, Mr. Chairman.

It is critical to maintain funding for all health professions support in fiscal year 1987. Exceptional need scholarships, financial distress grants, health professions student loans, disadvantaged assistance, AHEC, and National Health Service Corps scholarships are all programs that must be maintained at current service levels, or in some cases modestly increased. These bare bone programs are the genuine base of financial support for our students and our institutions. I do not believe we can squeeze any more out of these programs.

Because of the lack of Federal resources, many students have turned to HEAL loans as a last resort. In a time when these funds are being sought after the most, the administration has proposed that Federal guarantees for HEAL loans be reduced by $150 million.

Mr. Chairman, this does not make sense, and we recommend the current limit of $250 million in loan guarantees be maintained. We further strongly oppose the proposed 8 percent premium on HEAL loans. These loans are already very costly, and an additional 8 percent would make them much more unattractive, and unattainable for many low income minorities.

The Department of Health and Human Services recently administratively established an Office of Minority Health under the Assistant Secretary for Health. The charge of that office is to recommend Federal policies which seek to reduce the significant health status disparity among blacks and whites, and to implement those policy recommendations made by the HHS Secretary's task force on black and minority health.

We seriously question how the administration can recognize the severe problem of health status by establishing this office, while proposing a budget that completely wipes out all of the programs that provide resources to the institutions that train minority health professionals, or eliminates grants and loans to minority students who attend our institutions.

It has been well documented that the best means of closing the health status gap is access to health care for minorities. Black health professionals, trained at minority institutions, are more likely to locate their practices in areas that are more heavily populated by blacks and other low-income minorities, thus providing this access. The administration's proposal runs completely opposite to this reasoning.

Their weak response to the significant health status gap, and health professions disparity is to open a small office of minority health and shut everything else down. Believe me, Mr. Chairman, this will not work. While we support the establishment of this important Office of Minority Health, and believe that it should be well funded as a line item at the Office of the Assistant Secretary for Health, it is not yet the answer to all minority health problems.

I would like to say a word, if I can, about minority research. In essence, I would like to commend your support for the new research centers at minority institutions programs, the RCMI Program, which was created by yourself and the subcommittee. It has become vital to our schools and is making a significant contribution to our institutional research capabilities. We thank you very much for your support.

I would also like to ask you to continue to support the Minority Biomedical Science and Research Program, and the BRSG Program.

Finally, Mr. Chairman, allow me to commend you and each of your subcommittee members for the manner in which you have carefully and compassionately supported and defended all the Federal health programs under your jurisdiction. In this time of fiscal restraint, we look to your leadership and offer our greatest measure of respect and support.

Thank you for this opportunity to present our views.

PREPARED STATEMENT

Senator WEICKER. Thank you, Dr. Grace. I appreciate your testimony. Thank you very much.

[The statement follows:]

STATEMENT OF MARCELLUS GRACE

Mr. Chairman and members of the subcommittee, I am very pleased to appear before you to discuss funding for health professions training and minority research, and to respond to the President's budget proposals for fiscal year 1987 for these programs.

The Association of Minority Health Professions Schools (AMHPS) includes the Morehouse School of Medicine, Xavier University College of Pharmacy, Meharry Medical and Dental Colleges, Florida A&M University College of Pharmacy, Texas Southern University School of Pharmacy, Charles R. Drew Postgraduate Medical School and Tuskegee Institute School of Veterinary Medicine. The eight institutions of our Association have graduated 43% of the nation's black physicians and dentists, 50% of the nation's black pharmacists, and 90% of the nation's black veterinarians. Each of our institutions and the students who attend our schools rely heavily upon federal institutional and student aid programs. The collective and individual goals of our institutions to increase the number of black and other minority health professionals in the nation are affected profoundly by your subcommittee's recommendations.

Mr. Chairman, for fiscal year 1987, the President's proposals are not realistic. It is difficult for us to take these proposals seriously when the President and the Office of Management and Budget do not seriously examine the real health status gap among blacks and whites in this nation, and the co-existing disparity among health professionals. Currently, black infants are twice as likely to die in their first year as are white infants. Life expectancy for Blacks is significiantly lower than that of whites. Similarly, Blacks suffer a disproportionately high incidence of certain types of cancer, hypertension, diabetes and other disorders. The Administration has demonstrated its callous views towards the goals of establishing a degree of parity among blacks and whites in health status, and its acute misunderstanding of the health and education disparities that exist in the nation by proposing a zeroing out of over $150 million in funding for health professions and research support in FY'87. Earlier, Congress denied the Administration further budget cutting wishes for rescission of most of these resources for fiscal year 1986. We appreciate your support in this regard, Mr. Chairman.

It is critical to maintain funding for all health professions support in fiscal year 1987. Exceptional Need Scholarships, Financial Distress Grants, Health Professions Student Loans, Disadvantaged Assistance, AHEC, and National Health Service Corps Scholarships are all programs that must be maintained at current service levels, or in some cases modestly increased. These bare bone programs are the genuine base of financial support for our students and our institutions. I do not believe we can squeeze anymore out of these programs.

Because of a lack of federal resources, many students have turned to HEAL loans as a last resort. In a time when these funds are being sought after the most, the Administration has proposed that federal guarantees for HEAL loans be reduced by $150 million. Mr. Chairman, this does not make sense, and we recommend the current limit of $250 million in loan guarantees be maintained. We further strongly oppose the proposed 8% premium on HEAL loans. These loans are already very costly, and an additional 8% would make them much more unattractive, and unattainable for many low income minorities.

The Department of Health and Human Services recently administratively established an Office of Minority Health under the Assistant Secretary for Health office. The charge of this office is to recommend federal policies which seek to reduce the significant health status disparity among blacks and whites and to implement those policy recommendations made by the HHS Secretary's Task Force on Black and Minority Health. But we seriously question how the Administration can recognize the severe problem of health status by establishing this office while proposing a budget that completely wipes out all of the programs that provide resources to the institutions that train minority health professionals, or eliminates grants and loans to minority students who attend our institutions. It has been documented that the best means of closing the health status gap is access to health care for minorities. Black health professionals, trained at minority institutions are more likely to locate their practices in areas that are more heavily populated by blacks and other low-income minorities, thus providing this access. The Administration's proposals run completely opposite to this reasoning. Their weak response to the significant health status gap, and health professions disparity is to open a small office of minority health and shut everything else down. Believe me, Mr. Chairman, this will not work. While we support the establishment of this important Office of Minority Health, and believe it should be well funded as a line item at OASH, it is not yet the answer to all minority health problems.

A significant number of our students rely upon student aide resources through the Department of Education. The proposed budget reductions of nearly $1.5 billion in student aid will have a negative impact on all students seeking to further their educational status.

MINORITY RESEARCH

A very bright spot in recent years has been our institutions working individually and collectively with the National

Institutes of Health to develop a research base and enhance our research infrastructures.

The Research Centers at Minority Institutions Programs (RCMI) that was created by your subcommittee has become vital to each of our schools, and is making a significant contribution to our institutional research capabilities. These grants will allow our schools to accelerate our initiatives to train minorities in research methodology, expand existing investigative departments, compete for research dollars, and most importantly, to research health problems that are common to blacks and other minorities. The benefits of this program to the nation in health status of minorities alone are obvious. Mr. Chairman, this initiative is making a big difference. We urge you to continue your support of the Research Centers at Minority Institutions, and provide for a modest growth rate of this program.

Our Association has begun to work closely with the National Heart, Lung and Blood Institute (NHLBI) and the National Institute of Diabetes, Digestive and Kidney Diseases (NIDDK) to secure research funds through their various granting mechanisms to address specific programs or health concerns that are within the purview of their institute. These efforts are going very well, and we commend each institute for their cooperation.

The Association is concerned that the Administration's proposal for FY'87 would end the Biomedical Research Support Grant (BRSG) program at NIH. BRSG provides more than $200 million in support for research activities. We encourage the committee to provide for continuation of this program and further would like to encourage the committee to include the Research Centers at Minority Institutions program as a grant or cooperative agreement that qualifies an institution to be eligible to apply for Biomedical Research Support Grants.

Further, the Association of Minority Health Professions Schools urges your subcommittee to maintain funding for the Minority Biomedical Research Support Grant Program at DRR. A modest rate of growth is necessary to continue this vital initiative.

HEALTH CARE FOR THE POOR

In recent years, Mr. Chairman, the positive steps this nation has taken in the last 20 years to provide a miniumum amount of access to health care have begun to slow. We believe cost containment is the major culprit for this leveling off of progress. Yet, included among the President's budget requests are several Medicaid and Medicare cost cutting maneuvers that will further reduce critical access to care for many poor and elderly. We urge your subcommittee to take the appropriate action to maintain health access to all Americans.

Finally, Mr. Chairman, please allow me to commend you and each member of your subcommittee for the manner in which you have carefully and compassionately supported and defended all the federal health programs under your jurisdiction. In this time of fiscal restraint we look to your leadership and offer our greatest measure of respect and support.

Thank you for the opportunity to present our views.

APPROPRIATIONS RECOMMENDATIONS FOR FISCAL YEAR 1987

Department of Health and Human Services

A. Financial Distress Grants

FY'86 Actual	FY'87 President	FY'87 AMHPS
$3.9 MILLION	-0-	$3.9 MILLION

In accordance with the Advanced Financial Distress site visit team from the Department of Health and Human Services, the Association is recommending the planned funding for the Financial Distress Grants.

B. Disadvantaged Assistance

FY'86 Actual	FY'87 President	FY'87 AMHPS
$24.4 MILLION	-0-	$28 MILLION

Disadvantaged Assistance grants and contracts are vital to the identification, recruitment, retention, and placement of minority and disadvantaged students. Institutions rely heavily upon these grants. Students also rely on these funds for support.

C. Exceptional Need Scholarships

FY'86 Actual	FY'87 President	FY'87 AMHPS
$6.7 MILLION	-0-	$7 MILLION

Exceptional need funds are allocated to health professions schools that award students with Exceptional Financial Need scholarships for their first year of post-baccalauret study.

D. National Institutes of Health Research Infrastructure Development at Minority Institutions (Office of the Director)

FY'86 Actual	FY'87 President	FY'87 AMHPS
$19.2 MILLION	$10 MILLION	$25 MILLION

These grants to fund Research Centers at Minority Institutions (RCMI) and Academic Research Enhancement Awards (AREA) are critical to the development of research infrastructures, training minority professionals in research capacities, compete for research dollars, and most importantly research health problems common to blacks and other minorities.

E. Office of Minority Health

FY'86 Actual	FY'87 President	FY'87 AMHPS
-0-	-0-	$4.0 MILLION

The newly established office of Minority Health should receive line item funding through the Office of the Assistant Secretary for Health of $4 million. The Office of Minority Health will assist the Department in developing policies that will carry out the recommendations of the Secretary's Task Force on Black and Minority Health.

F. National Health Service Corps Scholarships

FY'86 Actual	FY'87 President	FY'87 AMHPS
$2.2 MILLION	-0-	$2.3 MILLION

This level of funding is necessary to assure a continuous flow of minority specialists to low income minority areas. A large number of new NHSC Scholarships are awarded to former Exceptional Need Scholarship recipients.

G. Health Professions Student Loans

FY'86 Actual	FY'87 President	FY'87 AMHPS
-0-	-0-	$5 MILLION

These new HPSL funds should be used to assist minority institutions develop and maintain a sufficient revolving fund. Many minority institutions have not had sufficient time or resources to develop revolving funds.

H. Health Education Assistance Loans

FY'86 Actual	FY'87 President	FY'87 AMHPS
$250 MILLION (no limit)	$100 MILLION	$250 MILLION (no limit)

The Association of Minority Health Professions Schools recommends that there be at least $250 million available, or no limit placed upon these loans. Even these high interest loans are necessary in light of other severe fiscal restrictions.

I. Minority Biomedical Research Support (DRR)

FY'86 Actual	FY'87 President	FY'87 AMHPS
$25 MILLION	$24 MILLION	$28 MILLION

The Minority Biomedical Research Support Grant Program supports the participation of minority undergraduates, graduates, and faculty in biomedical research at minority institutions.

DEPARTMENT OF EDUCATION

A. Guaranteed Student Loans

FY'86 Actual	FY'87 President	FY'87 AMHPS
$3.1 BILLION	$2.7 BILLION	$3.1 BILLION

The Association recommends a special provision be made to expand the limit of GSL to $50 thousand rather than $25 thousand for those students in the health professions.

B. Pell Grants

FY'86 Actual	FY'87 President	FY'87 AMHPS
$3.4 BILLION	$3.0 BILLION	$3.6 BILLION

Pell Grants provide assistance to help financially needy undergraduate students meet educational costs

C. National Direct Student Loans

FY'86 Actual	FY'87 President	FY'87 AMHPS
$208 MILLION	$163 MILLION	$215 MILLION

D. College Work Study

FY'86 Actual	FY'87 President	FY'87 AMHPS
$567 MILLION	$0 MILLION	$592 MILLION

E. Supplemental Educational Opportunity Grants

FY'86 Actual	FY'87 President	FY'87 AMHPS
$395 MILLION	$0 MILLION	$425 MILLION

* FY'86 Actual figure reflects 4.3% Gramm-Rudman cuts

STATEMENT OF JANET HEINRICH, MEMBER, ACTION BOARD, AMERICAN PUBLIC HEALTH ASSOCIATION

Senator WEICKER. Next we have Dr. Janet Heinrich, a member of the Action Board, the American Public Health Association.

Dr. HEINRICH. I am Dr. Janet Heinrich, a member of the American Public Health Association, the oldest and largest public health society in the world.

We come before you again to seek appropriations to preserve the public's health and to meet the Nation's special health needs. Investment in programs for immunization, AIDS, the prevention block grant, title X family planning, and the control of sexually transmitted diseases substantially reduce the expenditures that otherwise would have to be made in the future.

The administration's fiscal year 1987 budget proposal for health and human services unquestionably undermines the health of our citizens and health care system, with results that would be measured in wasted lives and dollars. The budget deficit must be eliminated, but the administration's approach to health care is counterproductive and fundamentally wrong.

We are also concerned about the Gramm-Rudman automatic across-the-board cuts are perceived as virtuous because of the simplicity and equity, however, they simply perpetuate the inequities of prior years. Those of us involved in the management and delivery of health care and human services are troubled by the abandonment of important public health goals as a result of cuts already enacted and the freeze or inadequate increases now being proposed for some vital programs.

While we focus our attention on these particular programs, we would like to add what we really believe is a minimum for the programs of the Centers for Disease Control [CDC] as an increase for inflation. I would like to take a minute to go through each of these programs specifically, starting with the immunization program, which includes the State funding for the relatively new childhood meningitis H-flu vaccine, and the vaccine stockpile at $115 million.

Under current estimates, the public cost of a full dose of vaccine for a child will rise from just over $30 each to just under $45 each. A freeze budget of $45 million would allow the full immunization of about half a million fewer children with Federal funds in 1987 than in 1986.

Recent shortages of the diptheria-tetanus-pertussis [DTP] vaccine and potential future shortages of other critically important childhood vaccines point out the need for a complete 6-month vaccine stockpile. We estimate that the cost for such a stockpile would be $50 million. As you know, we have already had the vaccine crisis, and prices have gone up dramatically. Just DTP vaccine has increased 2,000 percent since 1982.

The new Haemophilus vaccine protects against the most common cause of childhood meningitis. The Haemophilus bacteria causes 12,000 cases of childhood meningitis in children under five, and another 7,500 cases of pneumonia and other diseases, leaving 3,000 to 4,000 children with neurological damage. We urge you to approve a $10 million appropriation to begin the task of getting it to the public.

Immunization programs are estimated to return as much as $90 for every $1 spent. The introduction and widespread use of vaccines has resulted in dramatic declines in the incidence of childhood infectious diseases. Immunizing children today is far less expensive than paying for health and welfare costs attributable to childhood illnesses.

We are also very concerned about sexually transmitted diseases. America faces an epidemic of sexually transmitted diseases. As many as 1 in 4 Americans between the ages of 15 and 55 are affected. Penicillin resistant gonorrhea is out of control in certain areas of the United States, and congenital syphilis rose. Over 1,000 babies will contract herpes at birth this year. One-half of them will die, and one-half of the survivors will have serious birth defects.

Finally, we ask that you instruct CDC not to reprogram resources for the AIDS Program, but instead provide separate funds for AIDS activities. We share your concern with the No. 1 health problem, the acquired immunodeficiency syndrome, but we feel that there is adequate funding in a variety of programs that could be done at the State level that could help control AIDS.

We urge you also to fund the title X program. We appreciate what you have done in the past for the public health programs, and we will be very happy to answer your questions.

PREPARED STATEMENTS

Senator WEICKER. Dr. Heinrich, thank you very much for your testimony. I am glad that you stated the facts as they are. I can assure you that we are going to do everything we can to improve upon the funding requested by the administration. Your statement will be included in the record at this point along with other statements submitted for the record on appropriations for the Health Resources and Services Administration.

Dr. HEINRICH. Thank you very much.

[The statements follow:]

STATEMENT OF JANET HEINRICH

Mr. Chairman and distinguished members of the Subcommittee, my name is Dr. Janet Heinrich. I am here today as a member of the Action Board of the America Public Health Association, the oldest and largest public health society in the world.

Each year, the Association comes before this Subcommittee to seek federal appropriations at a level that will fulfill the government's commitment to preserving the public's health and meeting the nation's special health needs. We believe that disease prevention and early treatment are effective and relatively inexpensive in the long run. Investment in programs which deal with immunizations, AIDS, the Prevention Block Grant, Title X family planning, and the control of sexually transmitted diseases substantially reduce the expenditures that otherwise would have to be made in the future.

Mr. Chairman, we know that you are familiar with these programs. In the past, you and some of your colleagues in the Senate have assured adequate funding for important public health initiatives. This year we look to you again to preserve and enhance the programs of the Public Health Service.

It is difficult for us to understand why measures that contribute to the public health in a cost effective manner have been singled out year after year for the reductions (or even elimination) by the current Administration. The Administration's FY 87 budget proposal for health and human services unquestionably undermines the health of our citizens and health care system, with results that would be measured in wasted lives and dollars. The budget deficit must be eliminated, but the Administration's approach to health care is counter productive and fundamentally wrong.

The Gramm-Rudman automatic across-the-board cuts have perceived virtues of simplicity and equity, however, they simply perpetuate the inequities of prior years. Their simplicity is a fault, not a virtue, papering over disproportionate cost increases in some areas (like immunization) and dramatic new needs in others (like AIDS and other sexually transmitted diseases). Those of us who are involved in the management and delivery of health care and human services are troubled by the abandonment of important public health goals as a result of cuts already enacted and the "freeze" or inadequate increases now being proposed for some vital programs.

While APHA has chosen to focus its attention this year on immunizations, AIDS, the Prevention Block Grant, Title X family planning, and the control of sexually transmitted diseases, we believe that as a minimum, all the programs of the Centers for Disease Control should receive an increase for inflation.

Immunization Program

We urge Congress to fund the immunization program, which includes grants to states, funding for the relatively new childhood meningitis H-flu vaccine, and the vaccine stockpile at $115 million.

The Administration's budget argued that we have been 95% successful in our immunization efforts, but the budget request would have provided grossly inadequate funding to complete the job. The FY 86 appropriation for the childhood immunization grants program is $47 million. The post-sequestration level of $45 million is sufficient to purchase a full supply of vaccine for only about 1.5 million children (out of the approximately 3.5 million babies born each year). Under current estimates, the public cost of a full dose of vaccines for a child will rise from just over $30 each to just under $45 each. A freeze budget of $45 million would allow the full immunization of about half a million fewer children with federal funds in 1987 than in 1986. A freeze is unjustifiable given both the number of lives and dollars that would be saved by adequately funding this program.

Recent shortages of DTP vaccine and potential future shortages of other critically important childhood vaccines point out the need for a complete six month vaccine stockpile. In FY 83, it would have cost the federal government $21.5 million to establish a vaccine stockpile with a six month supply of vaccine. Today due to increases in the cost of vaccines, the same size stockpile will cost close to $50 million. The cost of a six month supply of DTP vaccine alone has gone up over 2000% since 1982.

The Haemophilus vaccine protects against the most common cause of childhood meningitis. According to the Department of Health and Human Services, the Haemophilus bacteria causes 12,000 cases of childhood meningitis in children under 5, and another 7,500 cases of pneumonia and other diseases, leaving 3-4,000 children with neurological damage. A safe and effective vaccine is now available, and we urge you to approve a $10 million appropriations to begin the task of getting it to the public.

It is impossible to overstate the importance of immunizing our youngsters. Vaccines are among the safest, cheapest, and most effective ways to prevent infections and communicable diseases. Immunization programs are estimated to return as much as $90 for every dollar spent. The introduction and widespread use of vaccines has resulted in dramatic declines in the incidence of childhood infectious diseases. Immunizing children today is far less expensive than paying for health and welfare costs attributable to childhood illnesses.

Sexually Transmitted Diseases (STD)

America faces an epidemic of sexually transmitted diseases; as many as one in four Americans between the ages of 15 to 55 are affected. In 1985, the number of gonorrhea cases increased for the first time in a decade, penicillin resistant gonorrhea is out-of-control in certain areas of the U.S., and congenital syphilis rose. Neglect of traditional STDs has reversed the momentum of the 1970s. Over 1,000 babies will contract herpes at birth this year. Half of them will die, and half of the survivors will have serious birth defects. There will be approximately 50,000 ectopic pregnancies in 1986, sixty percent of these fetal deaths will be the direct result of sexually transmitted diseases.

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CDC currently provides active leadership and support for national efforts directed toward the prevention and control of syphilis and gonorrhea. But there are no federal dollars presently going to chlamydia control, despite the fact that this STD is three times as common as gonorrhea. Chlamydial infections may result in infertility, miscarriage, infections in newborns, and ectopic pregnancy. In 1985, a national strategy to control chlamydia infections was developed. Chlamydia has replaced gonorrhea as the number one bacterial STD, but without federal funds directed toward its control, the problem will continue to get worse.

Despite the emergence of chlamydia, herpes, human papillona virus and the AIDS virus as priority STDs, in real dollars, the federal commitment has declined in the 1980s. Investment in STD control is cost-beneficial. For every $1 put into interrupting transmission of gonorrhea, $3 are saved in health care costs.

We urge you to provide sufficient funding for the sexually transmitted disease program so that we can begin high risk chlamydia screening and other activities aimed at the control of herpes and human papillona virus. Finally, we ask that you instruct CDC not to reprogram STD resources for the AIDS program, but instead provide separate funds for AIDS activities.

Acquired Immune Deficiency Syndrome (AIDS)

As of January 1986, CDC was notified of 16,458 patients meeting the acquired immunodeficiency syndrome case definition for national reporting. Over half of these individuals have died. AIDS has an alarmingly high fatality rate of nearly 80% within 3 years of diagnosis. The number of reported AIDS cases has nearly doubled every ten months.

Current funding allows for some basic research efforts on the nature of the disease, some basic vaccine development work, some basic therapeutic intervention work, the beginning of information and education activities and a small demonstration project.

The Administration's proposed budget for AIDS falls woefully short of meeting the challenges presented by this extraordinary epidemic. Increasing funding for FY 87 to $394 million would allow for continuation of existing activities as well as new initiatives such as development and operation of vaccine evaluation units for clinical trials of vaccine candidates, operation and expansion of clinical trials of anti-viral and immune-stimulating therapeutic drugs; epidemiological work on infection of newborns, and supplementation of state VD/STD grants to make HTLV-3 testing, education, and counseling available.

The Prevention Block Grant

Congress established the Prevention Block Grant in 1982 to provide States with funds for hypertension programs, rodent control, emergency medical and home health services, and a variety of other essential public health activities. The block grant allows states some flexibility in deciding what other public health programs to fund. We have recently obtained data which indicate that Prevention Block Grant funds are being used in many states to immunize children and control sexually transmitted diseases. Inadequate funding of the immunization and STD's categorical programs have necessitated the use of Prevention Block Grant funds for these purposes. More and more, states are relying on these funds to pay for critically important public health programs that they would otherwise be unable to provide.

If the Administration had its way, the Prevention Block Grant would be funded at FY 85 levels. APHA believes this level of funding - a decrease after inflation -- is totally unacceptable. APHA urges you to appropriate this program at its authorized level of $98.5 million.

Title X Family Planning Program

Title X of the Public Health Service Act provides the basis for our national family planning clinic network. This program prevents unintended pregnancies, reduces the need for abortion, and provides health services to medically underserved women. Approximately 800,000 unintended pregnancies - 425,000 among teenagers - were averted in one year as a result of the national family planning program.

In 1983, 5 million low and marginal income women received family planning services, including 1.6 million teenagers under age 20. For every dollar spent on teenage family planning services, $3 are saved in health and welfare costs.

In FY 81, Congress appropriated $162 million for the Title X program. Accounting for inflationary increases alone, the current level of Title X funding should be approximately $210 million. Therefore, we strongly urge this Committee to fund the Title X program at its current authorized level of $147 million.

We look to you to reverse the Administration's strategy; to save money and lives by adequately funding public health programs. These programs are not luxuries that can be eliminated or reduced without major consequences. To the contrary, they fundamentally affect the health and welfare of present and future generations of Americans. It is not even penny wise--and it is certainly pound foolish--to underfund the prevention and early treatment of infectious diseases and other threats to the strength and productivity of our greatest asset, the America people.

Thank you. I would be pleased to answer any question.

STATEMENT OF ROBERT VAN HOOK, EXECUTIVE DIRECTOR, NATIONAL RURAL HEALTH CARE ASSOCIATION

My name is Robert Van Hook and I am Executive Director of the National Rural Health Care Association.

I would like to begin by thanking you for affording us an opportunity to submit testimony to this distinguished panel. I would also like to extend our gratitude for your understanding and generous support of the issues we are here to discuss today. And believe me, we can appreciate just how difficult your task will be in the coming months.

By way of background, the National Rural Health Care Association, or NRHCA, is a nonprofit organization whose members share a common interest in rural health care. The Association includes administrators, educators, government workers, physicians, and other health professionals who serve in hospitals, community and migrant health centers, private practice, and government and educational institutions.

In a word, Mr. Chairman, the goal of our Association is to improve health care for the 59 million Americans now living in rural communities throughout the country.

There are, of course, many reasons why one would want to live in a rural area. Unfortunately, health care is not one of them. Some of the factors that exacerbate poor health conditions in rural communities are:

- first, most rural communities contain a disproportionate number of the poor and the elderly--persons who generally require more medical care than the general population; the Census Bureau, by the way, reports that rural poor now outnumber their urban counterparts;

- second, individuals living in rural areas must travel longer distances in order to obtain health services; as a consequence, many choose to postpone or forgo treatment altogether, only to face more serious and often more expensive health problems in the future; I would also add that these individuals are less likely to have even the most basic health insurance coverage;

- third, persons residing in rural areas are more likely to be living in substandard housing and working in some of the most hazardous and economically stressed occupations, such as mining, forestry, or farming.

To give you some idea of how these factors actually affect people's lives, let me cite from a recent study conducted by the Public Voice for Food and Health. This consumer group examined vital statistics data from the eighty-five poorest rural counties in America, for a period extending from 1980 to 1983.

Its major findings were that infant mortality and low birth weight rates--important indicators of health status--were significantly higher in rural poor counties than in the rest of the nation. In 1983, for example, the infant mortality rate among the rural poor was 16.29 per 1,000 live births compared to 10.89 per 1,000 live births in the rest of the country.

Even more troubling is the fact that this significant gap between rural poor counties and the rest of the nation is growing worse. The difference in the infant mortality rate grew by 39 percent between 1981 and 1983, while the margin in low birth weight rates grew by 38 percent between 1980 and 1982.

Mr. Chairman, what I have just cited is but one facet of a very serious, I daresay, deplorable situation that exists in this country. Sad to say, the problem could worsen if action is not taken soon.

I realize that Medicare reimbursement does not fall within the jurisdiction of this subcommittee, but I want to take the opportunity to urge your continued interest in correcting the inequities built into the prospective payment system. As you know, the current system calls for an urban/rural reimbursement differential that results in rural hospitals receiving on the average 55 percent of what urban hospitals receive for delivering the same services. Under the circumstances, no matter how cost-effective, most rural hospitals are unable to compete within this inequitable reimbursement system.

Rural physicians, too, are disadvantaged as a result of lower payment rates for the same services as their urban counterparts.

Last year, the report accompanying the Labor-HHS appropriations bill called attention to this problem by directing the Health Care Financing Administration to take a closer look at the issue and come up with some recommendations to remedy it. Our Association applauds your actions and we look forward to seeing HCFA's recommendations.

But as you well know, the health care problems of rural America go beyond issues of reimbursement, which is why we are submitting this testimony.

Over the past several years, this subcommittee has played a vital role in addressing the special health needs of rural America. Much of this has been accomplished because of this subcommittee's long-standing support for community-based primary care programs--programs which have proven to be the tap root for delivering effective, high quality health care to medically underserved and disadvantaged populations. Time and again, studies have shown primary care programs have: improved access to health care; significantly reduced hospital admissions, lengths of stay, and inpatient care costs; and generally improved the health status of those who use the programs.

But, again, we must not allow past achievements to cloud the fact that serious challenges remain. It is essential, therefore, that support for the Community health centers program be sustained. We must also be mindful of the fact that the so-called physician glut has not trickled down to rural areas, so it is imperative that National Health Service Corps activities in this regard be strengthened, not diminished.

Mr. Chairman, rural areas face a myriad of problems, many of which are quite different from those confronting metropolitan and suburban communities. And, unfortunately, there is no single federal program targeted to address all of the needs of rural comunities. Support is provided instead through a variety of programs, many of which are funded through the Labor-HHS appropriations bill that this subcommittee oversees.

Mr. Chairman, our Association respectfully requests that the subcommittee approve the amounts listed below for programs that we believe are vital to the health and well-being of rural communities throughout the nation. Thank you for your time and consideration.

	Recommendation
Community health centers	$400,000,000
Migrant health centers	45,400,000
National Health Service Corps	75,000,000*
Maternal and child health	478,000,000
Black lung clinics	3,400,000
Family medicine/general dentistry residencies and training	37,000,000
Family medicine departments	7,000,000
Area Health education centers	18,000,000

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*Pending reauthorization

STATEMENT OF ROBERT M. TOBIAS, NATIONAL PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION

I am Robert M. Tobias, National President of the National Treasury Employees Union. NTEU is the exclusive representative of workers in all regional offices of the Department of Health and Human Services.

I appreciate this opportunity to express our union's views on the Administration's budget request for the Department of Health and Human Services for FY 1987. The budget is totally inadequate to the health and well being of the nation's children, our poor, and our senior citizens. OMB's strategy of fitting HHS programs into an ever-tightening budgetary straitjacket has destroyed the balance between agency workload and staffing levels essential for effective program administration.

In the FY 1986 Labor-HHS appropriation Congress determined, and the President agreed, to funding and staffing levels that would permit effective administration of HHS programs. Subsequently, a Gramm-Rudman-Hollings reduction of 4.3 percent led to sequestering of $1 billion in budgetary resources and resulted in curtailment of many activities, especially essential research, training, overtime, and administrative support.

This cut would have been difficult enough to absorb in any case but the Administration went further. On top of the GRH cut, it proposed $787 million in rescissions of FY 1986 budget authority. In terms of agency staff, this translates into a reduction of 3,857 positions from the FY 1985 level. Even though almost all the rescissions have been disapproved, the Department has proceeded to reduce staff as though the rescissions had taken effect.

The Administration has thus taken a wrecking ball to the structure erected last fall in the FY 1986 appropriation bill. But, it turns out, FY 1986 was just a way-station for an even larger cut of 4,513 positions in FY 1987. If this occurs, HHS will have lost a total of 8,370 positions over two years.

The battle lines in the budget are clear: either Congress accepts the continued decimation of agencies or it responds with the only weapon it has--specification of staffing levels in appropriations legislation. NTEU has long urged Congress to use this weapon as the only check against OMB's rampant abuse of the budgetary process to get its way regardless of what Congress enacts in appropriations.

We believe the Administration's budget for HHS should be rejected and an alternative budget adopted. To assist the Subcommittee in this task, NTEU has prepared an alternative budget that we believe would remedy the major defects in theAdministration's plan at minimum cost. Our budget would hold the line and maintain most agencies at FY 1986 levels, but would allow modest increases where serious understaffing now exists. The total cost of NTEU's recommended additions would be $199 million and 6,848 full-time equivalent positions. A summary of NTEU's recommended budget is presented in Table 1, appended to our statement.

Departmental Management

The Office of Civil Rights is again slated for an unwarranted cut of 28 positions. NTEU has warned in the past of the harm inflicted on citizens deprived of their rights as case files gather dust--the inevitable consequence of such cuts. The Office of Inspector General is also slated for a large cut of 66 positions. We believe it would be most imprudent to reduce audits and inspections at a time when program controls are slackening in all operating divisions due to loss of staff. Our recommended budget restores these reductions.

The Office of Consumer Affairs is reduced from 33 to 5 employees in OMB's budget. The reduction is totally unwarranted, as there is no reduction of workload that can be pointed to. Congress should insist that current staffing be maintained.

Social Security Administration

The Administration has announced its intention to reduce SSA by 17,000 positions over 6 years, yet has never submitted a plan to justify its belief that this course is feasible and desirable. Despite Congress' insistence on maintaining current staffing levels in the FY 1986 appropriation, OMB proposes to eliminate 4,079 positions in FY 1987. Congress should decisively reject this reduction and provide $104.3 million needed to restore these positions. The Department argues that quality of service will be maintained, but its first quality of service report required by Congress last year is superficial and self-serving. Congress should require SSA to re-do the quality of service report with GAO's assistance so that it focuses on actual response to beneficiaries and actual results.

Aid to Families with Dependent Children and the Low Income Home Energy Assistance Program, now under SSA's Office of Family Assistance, has been proposed for consolidation into a new Family Services Administration that would also include Child Support Enforcement, Refugee and Entrant Assistance, the Community Services Block Grant, and the Work Incentive (WIN) Program. As the latter two programs are slated for elimination, and the Office of

Family Assistance is scheduled for a 16 percent reduction from 695 to 585 average positions, it appears the proposed merger is simply a device for consolidating the remnants of these programs prior to further reductions. We strongly oppose the cuts in the Office of Family Assistance, where workload is increasing due to larger caseloads and the proposed new work-experience welfare projects. We are also not inclined to support the proposed merger until cuts in these programs cease and agency staffing is brought into balance with workload.

Health Care Financing Administration

In FY 1987, HCFA must implement a stream of recent changes in the Medicare program, deal with problems stemming from the relatively new prospective payment system, and prepare to begin phasing hospital capital costs into the system in the near future. HCFA must also cope with the growing workload imposed on Medicare providers and contractors by the growing population age 65 and over. Gramm-Rudman cut HCFA by 100 positions, straining resources to the limit, yet a further reduction of 130 positions is proposed for FY 1987. NTEU's program would maintain HCFA at the FY 1985 level of 4,020 positions.

Office of Human Development Services

Last year, the House directed that OHDS staffing be maintained at 1,251 positions, and the Senate mandated 1,192 positions. Despite the Congressional mandate, the Administration will provide only 1,125 positions this year. Congress has continued to mandate additional work, including Head Start expansion, rural demonstrations, gerontology centers and training, demonstrations to assist victims of Alzheimer's disease and their families, dependent care programs, family violence and elderly abuse programs, and training of direct care workers in residential facilities for the developmentally disabled. Funds included in the NTEU plan for 1,370 positions would restore FY 1986 cuts which have placed administration of OHDS programs under severe strain.

Health Resources and Services Administration

Last year, Congress refused to go along with major reductions in Health Care Delivery and Assistance, Health Professions, and the Bureau of Health Maintenance Organization and Resource Development (BHMORD). Nevertheless, the Administration has proposed the same reductions for FY 1987 and major rescissions in the current fiscal year. These reduction and rescissions would virtually wipe out effective national programs to assure adequate and accessible health care for the American people. We strongly urge Congress to mandate in legislation a minimum'of 2,900 positions, which is the level provided in the FY 1986 appropriation for HRSA.

The Administration has once again proposed to eliminate 225 Federal jobs by phasing out direct operation of 160 health units which provide health services to Federal employees under the Federal Employee Occupational Health Program. In FY 1987, 78 positions are to eliminated as part of the planned phaseout.

Currently, the average cost of privately run FEOH clinics is $73 per employee compared to $65 per employee in Federally operated facilities. Our view is that allowing each agency to run its own program will ultimately lead to higher costs and a reduction in the quality and availability of health services. Congress should not permit the

Administration to dismantle the present cost-efficient program.

NTEU has learned that HHS is formulating plans to consolidate the ten regional BHMORD offices into four regional centers located in New York City, Atlanta, Dallas and San Francisco. As a result of the proposed consolidation, regional staff would be reduced from 66 to 44 positions. The plan is principally based on the view that workload associated with management activity (derived from HHS and HUD guaranteed loans for health care facilities) is concentrated in the New York service area, while other regions receive fewer loan applications. However, the plan has been criticized within HRSA because it fails to take into account the need for frequent, on-site loan monitoring and review of facilities for uncompensated services. Moreover, increased costs of travel to inspect facilities, which are highly dispersed geographically, would reduce the benefits of consolidation. We are continuing to collect information which we will share with the Subcommittee in case this plan surfaces as a formal proposal.

Conclusion

Since the Administration has demonstrated its unwillingness to heed congressional dicates contained in report language, it is imperative that Congress specify in appropriations legislation the minimum number of FTE to be maintained. We strongly urge the Subcommittee to adopt NTEU's budget recommendations contained in Table 1, which are a bedrock minimum to sustain essential HHS programs for another year.

Mr. Chairman, this concludes my testimony. My staff and I will be happy to answer questions.

TABLE 1. DEPARTMENT OF HEALTH AND HUMAN SERVICES BUDGET FOR FY 1987 AND NTEU RECOMMENDATION

	FY 1985 (Actual)		FY 1986 (Pre-Sequester)		FY 1987 (Request)		FY 1987 NTEU Proposal (Changes)		FY 1987 NTEU Recommendation		FY 1986 (Post-Sequester)	
	($000) Amount	Staff-Years	($000) Amount	Staff-Years	($000) Amount	Staff-Years	($000) Amount	Staff-Years	($000) Amount	Staff-Years	($000) Amount	Staff-Years
Office of the Secretary	133,000	2,435	152,449	2,326	135,819	2,242	+6,715[a]	+84	142,534	2,326	145,734	2,290
Office For Civil Rights	17,723	397	16,000	396	15,285	371	+914[b]	+25	16,199	396	15,312	383
Office of Inspector General	62,391	1,297	42,219	1,280	29,716	1,214	+2,483[c]	+66	32,199	1,280	40,128	1,233
Office of Consumer Affairs	2,096	33	2,073	32	400	5	+1673[d]	+27	2,073	32	1,988	22
Social Security Administration[1]	3,787,515	77,741	3,992,486	77,349	4,011,373	73,270	+104,270[e]	+4079	4,115,643	77,349	3,848,129	76,169
Child Support Enforcement	635,000	326	619,330	313	770,383	297	+985[f]	+29	771,368	326	586,202	307
Health Care Financing Administration[2]	98,147	4,020	89,533	3,980	84,533	3,757	+9,490[g]	+263	94,023	4,020	85,683	3,881
Office of Human Development Services[3]	65,348	1,192	61,113	1,151	60,169	1,105	+10,362[h]	+265	70,531	1,370	58,485	1,125
Health Resources and Services Administration	1,514,722	2,951	1,497,934	2,900	1,162,670	2,092	+30,846[i]	+808	1,500,000[j]	2,900	1,448,221	2,819
Indian Health	801,276	11,206	821,194	11,150	725,378	10,352	+18,124[k]	+798	820,000[k]	11,150	810,735	10,681
Food and Drug Administration	413,229	7,024	430,967	6,950	423,600	6,757	+9,345[l]	+267	432,945	7,024	420,306	6,960
Alcohol, Drug Abuse, and Mental Health Administration[4]	925,121	1,612	968,860	1,612	892,240	1,558	+4,310[m]	+123	969,000[m]	1,681	927,199	1,558

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	FY 1985 (Actual)		FY 1986 (Pre-Sequester)		FY 1987 (Request)		FY 1987 NTEU Proposal (Changes)		FY 1987 NTEU Recommendation		FY 1986 (Post-Sequester)	
	($000) Amount	Staff-Years	($000) Amount	Staff-Years	($000) Amount	Staff-Years	($000) Amount	Staff-Years	($000) Amount	Staff-Years	($000) Amount	Staff-Years
Assistant Secretary for Health[5]	101,803	1,053	104,230	1,053	110,060	1,012	+1,427	+41	111,487	1,053	99,749	1,012
TOTAL RECOMMENDED ADDITIONS							+199,271	+6,848				

1. **Limitation on Administrative Expenses**

2. **Program Management**

3. **Federal Administation**

4. **Excluding St. Elizabeth's Hospital**

5. **Public Health Service Management**

NOTES

a. For General Departmental Management, inclues $2.9 million to restore 84 average positions (FTE) to the FY 1986 level appropriated by Congress, including 20 positions for Management and Budget, 25 positions for Personnel Administration, and 27 positions for Field Management. This restores the entire GRH cut of $6.7 million in FY 1986 to terminate the hiring freeze throughout the Office of the Secretary, allow adequate employee travel, paid overtime, supplies, and equipment; avoid curtailing the use of temporary employees; avoid elimination of all new employee training; and restore AIDS demonstrations projects and cancer construction projects to levels funded by Congress.

b. For Office of Civil Rights, includes $914,300 and 25 FTE for restoration to FY 86 level appropriated by Congress, including full restoration of $860,000 GRH cut in FY 1986 in order to avoid continued hiring freeze, reductions in employee travel, training and overtime, and in procurement of supplies and equipment; and possibility of a furlough which could significantly curtail field investigations.

c. For Office of Inspector General, includes $2.5 milion and 66 FTE to restore FY 86 GRH cut, maintain FY 86 staff level approved by Congress, and maintain performance levels without contracting out audits and inspections, as now planned.

d. For Office of Consumer Affairs, includes $1.7 million and 27 FTE to bar the Administration from reducing this program from 33 to 5 employees and maintain the level of effort prescribed by Congress for FY 1986 to represent consumers on health, safety, and social service issues within DHHS.

e. For Social Security Administration, includes $104.3 million and 4,079 FTE to restore cuts proposed by Administration, maintain SSA at the FY 86 level appropriated by Congress, and restore 1200 positions and the 43 percent reduction in overtime (3,113 to 1,775 FTE) imposed by the FY 1986 GRH cut.

f. For Child Support Enforcement, Federal staff is restored to FY 1985 level as there is no justification for reduction in this program which is understaffed relative to workload.

g. For Health Care Financing Administration, Federal staff is restored to FY 1985 level as this agency is seriously understaffed and has had to curtail essential programs due to the FY 1986 GRH cut, as detailed in its sequestration report.

h. For Office of Human Development Services, Federal staff is restored to FY 1984 level as this agency is seriously understaffed and has had to curtail essential programs due to the FY 1986 GRH cut, as detailed in its sequestration report.

i. For HRSA, Federal staff is restored to the FY 1986 level appropriated by Congress, including full funding of Federal Employee Occupational Health units, predicated on continuation of HRSA programs at FY 1986 levels and rejection of Administration's proposed cuts.

j. For HRSA, includes restoration of program cuts recommended by the Administration and continuation at level of FY 1986 appropriation.

k. For Indian Health Service, includes restoration of 798 average positions costing $18.1 million and program funds to maintain FY 1986 appropriation level.

l. For FDA, includes 9.3 million and 267 average positions to maintain FY 1985 staff level, as agency is seriously understaffed and has imposed hiring restrictions and other reductions as a result of the FY 1986 GRH cut.

m. For ADAMHA, 123 average positions costing $4.3 million plus program funds to restore reductions proposed by the Administration and maintain the FY 1986 appropriation level are included.

STATEMENT OF DAVID BRADLEY, LEGISLATIVE DIRECTOR, NATIONAL COMMUNITY ACTION FOUNDATION

Senator WEICKER. Next we will hear from our good friend, David Bradley, the legislative director of the National Community Action Foundation.

Mr. BRADLEY. Thank you, Mr. Chairman.

My name is David Bradley, and I am the legislative director for the National Community Action Foundation. I want to thank you for the opportunity to speak very briefly on the community services block grant [CSBG].

Again, Mr. Chairman, the administration has proposed the elimination of the program, similar to past positions that they have taken since 1981. I think that the reason they have called for the elimination of the program are fairly obvious.

What I want to point out this year, though, is that the General Accounting Office has completed a study on the community services block grant, and in the words of Senator Hatfield, "they have issued the community services block grant its report card, and they have given it an A-plus."

Specifically, they have addressed the administration's reasons and rationale for wanting to eliminate the block grant, and they have come up with some interesting findings that indicate that community services block grant does not duplicate social services block grant, but rather complements it.

They indicate that the loss of community services funds could vastly adversely affect other programs, and that community services block grant funds are not only necessary for administration, but they help keep community action agencies alive.

If the committee would like, I would submit this for the record.

I would like to bring you up to date, just for a couple of minutes, on where the community services block grant stands in Congress.

One of the most frequent and frustrating things I encounter is a misconception that the community services block grant is one of the weakest programs in terms of congressional support, and it barely survives each year. I find that frustrating because I hear repeatedly from House and Senate Members how strong and how good their community action agencies are in their particular State, and it is only the other community action agency programs in other States that they are not so sure about.

I think that it was all of those individual States and their Members voting that on May 7 of this year, in the House, they reauthorized the program by a vote of 377 to 33. There was also a specific House amendment against the community services block grant, designed to freeze our authorization level at last year's level, and the House, I might add, had been supporting those overall, and that was defeated by a vote of 267 to 140. We have very strong, and I hope veto proof, support emerging from the House.

The House budget resolution has this program as a priority, it is one of the 28 targeted low-income programs, and it has had $374 million.

The Senate budget resolution, although it reported a slight cut for the community services block grant, certain Members, including Senator Hatfield, made it clear on the Senate floor that it is their hope that the Senate would not be bound by those assumptions, but instead would work for full funding for the program.

Finally, I want to thank you for your help. It is in large part because of your help that the markup that you are going to at 10 o'clock also includes the community services block grant. I think that we are going to clear the full committee today, I hope, and it looks to me that the coalition of Weicker and Stafford, and others, but also Hatch and Hawkins, I think that we have a bill that stands an excellent chance of clearing the Senate. Then, just in case the administration vetoes, we are close to veto proof in both the House and the Senate.

So this brings us to the central question of funding for CSBG. Every year, we talk to you and say, "Do the best you can," and every year you have. I want to point up just a couple of quick things this year.

One is, we debated fairly extensively and reviewed the authorization level in the House in terms of funding these with the authorizing committees, and they settled on $390 million, which is a cut from where our current authorization is, but it is definitely above current appropriations, if you will take a look at that.

Second, the Hatch-Hawkins-Weicker-Stafford bill has in it the community partnership agreements, which is a new title, $10 million to fund new and innovative poverty programs. If you could take a look at prioritizing the discretionary funds, maybe we can see what you can do with this program.

PREPARED STATEMENT

Needless to say, Mr. Chairman, we have appreciated your help over the years, and you have certainly made a difference in keeping our programs alive.

[The statement follows:]

STATEMENT OF DAVID BRADLEY

Good morning, I am David Bradley, the legislative representative of the National Community Action Foundation, which is the Washington representative of the nation's 900 Community Action Agencies. Mr. Chairman, I am grateful to be able to testify again in front of this committee.

Again, this year, the Administration has proposed the elimination of the Community Services Block Grant giving the same three reasons it has used in the past:

- that activities of the Community Services Block Grant duplicate those of the Social Services Block Grant;

- that because CSBG represents only a national average of 12% of a CAAs budget, that Community Action Agencies can survive without CSBG;

- and, that 40% of CSBG funds are unecessarily used for administrative costs rather than for direct services.

Mr. Chairman, for the past several years I have testified before this committee that these charges against the Block Grant are incorrect and show the depth of the Administration's lack of understanding of CSBG and Community Action Agencies.

This year I am proud to say, Mr. Chairman, that GAO has completed a study of CSBG and its use by Community Action Agencies and, to use Senator Hatfield's words, "they have issued CSBG its report card and given it an A-plus." GAO reports the following findings:

- "CSBG-supported services essentially did not duplicate those offered bylocal social service agencies. Rather, they were established to fill local unmet needs and complemented the services offered by the social services agencies."

- GAO indicated that loss of CSBG funds could influence the ability of CAAs to continue operations. "Prospects for additional federal, state, or local funding are uncertain at this time, and existing federal grants cannot be expected to contribute significantly more funding for administrative costs."

- that the portion [illegible] CSBG funds used by CAAs for management and administration costs were used to pay office expenses such as salaries of the executive director and fiscal officer and it was also reported that CSBG plays an important role in supporting the administration of certain other federal programs. GAO cited the Surplus Commodity Food Program and Low Income Home Weatherization as two that need CSBG support.

I hope the GAO findings will now lay these charges to rest and that the Administration will take another look at this program which meets so many of the goals that it espouses: local control, targeting of the truly needy and the promotion of self-sufficiency.

Mr. Chairman, I want to bring you up to date on exactly where the Block Grant stands in Congress. One of the most frequent things I encounter is the misconception that CSBG is one of the weakest programs in terms of Congressional support and that it barely survives each year. I find this frustrating because I hear repeatedly from House and Senate Members alike that they vote for CSBG because the CAAs in their states do such a good job, but nationwide they aren't so sure.

It is all those votes based on the excellence of Community Action Agencies in their state that accounted for the House vote on May 7 of this year of 377 for and 33 against CSBG reauthorization. The House, by a vote of 267 to 140, specifically turned down an Administration backed amendment to freeze the CSBG reauthorization. If you add the number of states up, then Community Action Agencies must be doing a pretty good job throughout the country.

The House Budget Resolution which I anticipate will be in the final conference agreement assumes CSBG funding at a minimum of $374 million. In other words, the Gramm-Rudman-Hollings cut of March 1 is restored in the House version.

The Senate Budget Resolution as reported out by the Budget Committee and approved by the full Senate specifically assumes the continuation of CSBG. The Domenici-Chiles package contemplated a slight reduction for CSBG. However, certain members including Senator Hatfield made it clear on the Senate floor that it was their hope that the Senate would not be bound by those assumptions but instead would work for full funding for this essential program.

Finally, Mr. Chairman, thanks in large part to your help, we have a bi-partisan reauthorization bill moving through the Senate supported by a diverse coaliton that includes Senators Hawkins, Hatch, Reigle, Dodd, Simon and Stafford among others. The chances of full Senate passage of CSBG are excellent. Should the Administration possibly veto this bill, we are certain we have the votes for an overide.

Now, Mr. Chairman, that brings us to the central question which is the funding needs of the Block Grant. I would like to suggest that careful consideration be given the following points:

1. The final authorization level for CSBG for FY 87 will probably be $390 million. CSBG consistently has been funded below its authorization level. I would suggest that the Committee carefully consider a funding level of between $380 and $385 million for CSBG.

2. The reauthorization bill sponsored by Senator Hawkins contains a new provision called "Demonstration Partnership Agreements" authorized at $10 million. The purpose of this new title is to reward projects that stress new and innovative approaches to attack the causes of poverty. I have stated so many times that I am thoroughly convinced, that given the resources, CAAs continue to be capable of creating model programs directly responsive to unmet needs of the poor such as Head Start, Weatherization, and so many others adopted at the Federal level have been.

The Demonstration Partnership Agreements initiative can be funded in one of two ways: through additional appropriations or by prioritizing certain aspects of the Secretary's discretionary fund and using a portion of those monies to "test the water" on this new and exciting concept.

In an era of Gramm-Rudman-Hollings and continuing debate over federal government's responsibility for helping the poor, it is logical to ask how CAAs can request not only restoration of funding cuts, but also a small funding increase. Mr. Chairman, Community Action Agencies need it, they deserve it and it is essential that their role be protected.

What would Community Action Agencies do with a little more CSBG funding?

o Last week in West Virginia, I heard Governor Moore's administrative assistant say that CAAs were the centerpiece in helping families after the flood a year ago. In West Virginia, CAAs would use more money to assist families to stay out of and get out of poverty.

o In Massachusetts CAAs are utilized by the Governor as both a focus for the homeless and their acclaimed ET Work Fare Program.

o In Connecticut, more funds are needed for homeless family shelters, teen-age parent employment programs, economic development, employment and adult education programs to promote self-sufficiency.

o In Iowa, CAAs are the focal point in Governor Branstad's valiant attempts to save the family farms and in particular low income family farms -- more and more family farmers are becoming low income, and more funding is needed for this effort.

Mr. Chairman, you have assisted our program time and time agian. Without your support there would not be a Community Services Block Grant. What I'm asking you to do today is perhaps a little different than when I have testified in the past: asking for budget freezes and "the best you can do for us."

What is different this year, Mr. Chairman, is that I am convinced that in the next few weeks you are going to hear personally from a number of Senators regarding how important CSBG is in helping people gain self sufficiency, and not all the Senators are up for re-election.

I'm convinced that just as a strong majority of the Congress support reauthorization of CSBG, that a majority of the Congress will support the increased funding level.

Mr. Chairman, thank you for your time and your support.

GENERAL ACCOUNTING OFFICE REPORT ON COMMUNITY SERVICES BLOCK GRANTS

BLOCK GRANT HELPS ADDRESS LOCAL SOCIAL SERVICE NEEDS

MAY 1986

May 7, 1986

The Honorable Paula Hawkins
Chairman, Subcommittee on Children,
  Family, Drugs and Alcoholism
Committee on Labor and Human Resources
United States Senate

The Honorable Dale Kildee
Chairman, Subcommittee on
  Human Resources
Committee on Education and Labor
House of Representatives

Authorizing legislation for the Community Services Block Grant (CSBG) requires the General Accounting Office to evaluate the states' use of CSBG funds. As agreed with your offices, we obtained certain information on the CSBG program for use during congressional deliberations on its reauthorization. It was agreed that this information would satisfy our statutory requirement.

We visited 8 of the 13 states included in our 1983 review of CSBG and other block grants.[1] To obtain geographic diversity we selected California, Colorado, Florida, Iowa, Michigan, Mississippi, New York, and Vermont. At the local level in these eight states, we examined community services delivered by 16 community action agencies and 21 public social services agencies. The community action agencies were among those that we had visited during the prior review. Our fieldwork was done between January and March 1986. The programmatic and financial information we obtained covers fiscal year 1985. Due to time constraints, we did not independently verify the financial information obtained during our fieldwork and only selectively verified programmatic information.

This report expands on the testimony we delivered in February and March before your Subcommittees. It contains information on key issues raised in the Congress pertaining to the reauthorization of CSBG. The report also contains two case studies of the community action agencies we visited--in Bonifay, Florida, and Detroit, Michigan--which describe the roles that community action agencies have in rural and urban communities and how the issues raised during the reauthorization process could affect them.

For the past several years, the administration has recommended that CSBG be terminated because it believes (1) CSBG-supported services duplicate those funded under the Social Services Block Grant, (2) community action agencies could function with the administrative funding available from other federal and state sources, and (3) CSBG funds are not essential to the continued operation of such agencies.

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[1] Community Services Block Grant: New State Role Brings Program and Administrative Changes (GAO/HRD-84-76, Sept. 28, 1984).

We found that the CSBG-supported services offered by the 16 community action agencies we visited essentially did not duplicate those provided by local social services agencies, which are supported by the Social Services Block Grant as well as other sources of funds. Rather, CSBG services met short-term local needs not met by the social services agencies and, in fact, complemented the longer term services offered by those agencies. Although CSBG accounted for only 17 percent of total funding in these 16 community action agencies, agency officials view it as the discretionary money that enables such agencies to identify community needs, offer services not available under other federal or state programs, and support administrative operations. According to state and local officials involved in community services delivery, if additional state and local funds are not provided, the termination of the CSBG program could eliminate services currently supported with CSBG funds. Termination could also change the character of community action agencies by eliminating support for activities that seek to identify unmet local needs and provide the specified services to meet such needs. Details regarding these issues are provided in appendixes III, IV, and V.

As agreed with your offices, we did not obtain comments from officials of the Office of Community Services in the Department of Health and Human Services, which is responsible for administering the CSBG program.

Copies of this report are being sent to the Chairmen, House Committee on Education and Labor and Senate Committee on Labor and Human Resources; the Secretary of Health and Human Services; the Director, Office of Management and Budget; and other interested parties. We will also make copies available to others upon request.

Richard L Fogel

Richard L. Fogel
Director

APPENDIX I

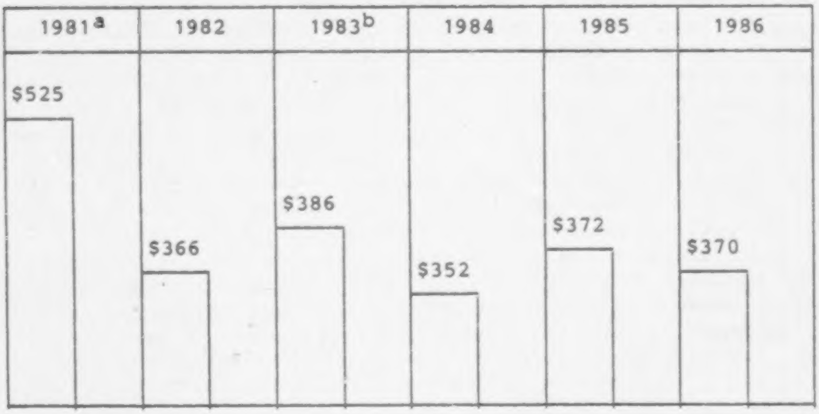
BACKGROUND

The Community Services Block Grant (CSBG) was created by the Omnibus Budget Reconciliation Act of 1981 and became effective in October of that year. CSBG's stated purpose is to ameliorate the causes of poverty through the support of such services as employment, education, housing, emergency assistance, and nutrition and through the encouragement and coordination of other resources in the community. It was created through the consolidation of eight categorical grant programs: Local Initiative, Community Food and Nutrition, Senior Opportunities and Services, State Agency Assistance, Community Economic Development, National Youth Sports, Housing and Community Development, and the Rural Development Loan Fund.

Over the years, funding for CSBG has fluctuated. Figure I.1 illustrates funding patterns for CSBG and its predecessor programs for fiscal years 1981-86.

Figure I.1: Federal Funding for Community Services (fiscal years 1981-86)

(dollars in millions)



[a]Funding for community services before enactment of CSBG.

[b]In fiscal year 1983, $361 million was available for CSBG, and another $25 million was provided through the Emergency Jobs Appropriation Act (Public Law 98-8).

The CSBG authorizing legislation places funding restrictions on the states. Most are required to allocate 90 percent of their block grant funds to organizations officially designated as community action agencies (CAAs), limited purpose agencies,[1] or seasonal or migrant farmworker organizations in fiscal year 1981. Under provisions of legislation effective in December 1982, three states have received waivers from this 90-percent pass-through requirement. The legislation also places a $55,000 or 5-percent limit (whichever is greater) on the funds that can be used for state administrative purposes and a 5-percent limit on the funds that can be transferred to certain other federal programs.

Under the block grant, CAAs have experienced significant changes. The programs that preceded CSBG were funded by the federal government directly to CAAs with little or no state government involvement. The block grant channels nearly all funds through the states, which now have the principal responsibility to distribute these funds to local service providers and oversee program operations. The federal administrative role in establishing regulations and reviewing state and local management has been substantially reduced; federal staff has been reduced from 938 in fiscal year 1981 to 57 in calendar year 1986.

The creation of the block grant was accompanied by a 30-percent federal funding cut. Most states did not contribute any revenues to offset the federal cuts; instead, they spread this reduced funding across more geographic areas. Consequently, while most CAAs experienced funding cuts ranging from 25 to 50 percent, others, due to changes in funding mechanisms and increases in other funding, received an increase in total funding.

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[1] Organizations that provide community services but are generally narrower in scope than CAAs.

The Social Services Block Grant (SSBG) was also created by the Omnibus Budget Reconciliation Act of 1981. It essentially represents a continuation of the Social Services program (title XX of the Social Security Act) that already had many of the features of a block grant. SSBG provides funds to states for a broad range of traditional social services. These include services to help individuals achieve self-sufficiency and to prevent or remedy neglect, abuse, or exploitation of individuals unable to protect their own interests. States usually use federal SSBG funds as well as state funds to provide mandated social services at the local level and to support the local delivery of services and mandate them to provide specific services.

For the past several years the administration has recommended that CSBG be terminated. The administration has argued that (1) the types of social services CSBG supported duplicate programs funded under SSBG, (2) it is used in many cases to fund administrative activities that can be funded under other federal programs carried out by CAAs, and (3) it is not essential to the continued operation of CAAs.

OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objective of this review was to obtain information on several issues raised in the Congress pertaining to the reauthorization of the program. Specifically, we intended to give the Congress information on: (1) what CSBG funds are used for and whether CSBG-supported services duplicate other local social service programs, (2) what role CSBG funds have in the operations of local service providers, (3) what impact terminating CSBG might have on the services provided by these local agencies, and (4) what are the state and federal roles in administering CSBG.

We did our work at the Office of Community Services (OCS) in the Department of Health and Human Services, at state CSBG and SSBG program offices, and at local CAAs and social service agencies serving the same localities. We selected 8 of the 13 states included in our 1983 review of block grants. These states received 29 percent of CSBG funds allocated to states in fiscal year 1985 and represented a diverse geographic cross-section of states. We selected 16 local CAAs from among the 27 we visited in our 1983 review (see table II.1). These CAAs represent a variety of such agencies that exist throughout the nation, ranging from urban programs in New York City to rural programs in Bonifay, Florida. Half are publicly managed, and half are run by private, nonprofit organizations. The geographic areas they serve range from a single city to a 10-county area. The CAAs we visited were out of a universe of over 900. While our observations relate solely to the 16 CAAs visited, these agencies offer services that are representative of the types of services provided by all such agencies.

At OCS, we interviewed program officials and reviewed grant files, internal evaluation reports, and other documents related to its administration of the block grant program.

Table II.1:

CAAs Visited in the Eight States Reviewed

State	CAAs visited
California	Shasta County Community Action Agency, Redding (public) City of Los Angeles Community Action Agency (public)
Colorado	Denver Department of Social Services (public) El Paso County Department of Social Services, Colorado Springs (public)
Florida	Tri-County Community Council, Inc., Bonifay (private) Dade County Community Action Agency, Inc., Miami (public)
Iowa	City of Des Moines, Office of Neighborhood Services (public) Hawkeye Area Community Action Program, Inc., Cedar Rapids (private)
Michigan	City of Detroit, Neighborhood Services Department (public) Northwest Michigan Human Services Agency, Traverse City (private)
Mississippi	Pearl River Valley Opportunities, Inc., Columbia (private) Gulf Coast Community Action Agency, Inc., Gulfport (private)
New York	New York City Community Development Agency (public) Steuben County Economic Opportunity Program, Inc., Bath (private)
Vermont	Northeast Kingdom Community Action, Inc., Newport (private) Champlain Valley Office of Economic Opportunity, Burlington (private)

At the state level, we used two data collection instruments to obtain programmatic and financial information. At the state CSBG office, we obtained information on state funding and CSBG program priorities, technical assistance and data collection, oversight of local agencies, planning and coordination with other state agencies, and relations with OCS. At the state office responsible for administering SSBG, we obtained information related to (1) the needs determination process, (2) service delivery approaches used, and (3) the planning and coordination of social services with CSBG at the state and local levels.

At the local level, we visited 16 CAAs and 21 public social services agencies (several communities had more than one agency providing social services). We used data collection instruments to obtain information on administrative, financial, and programmatic issues. We analyzed information on services offered by these agencies to determine whether there was duplication between CSBG and SSBG regarding the services offered and the clientele served. Additional data collected at the CAAs related to staffing, sources of funding, effects of past funding reductions, changes in services, the quality of technical assistance and oversight by the state, local service coordination procedures, and the possible termination of CSBG. In each community we also interviewed a senior local government official responsible for or knowledgeable of both the CSBG and social service programs to obtain a local government perspective on the two programs.

Due to time constraints, we did not independently verify the financial information obtained and only selectively verified programmatic information. Information pertaining to services offered by both CAAs and local social services agencies--the key issue pertaining to reauthorization--was independently verified to the agencies' records. Except as noted above, our fieldwork, which was done between January and March 1986, was in accordance with generally accepted government audit standards.

QUESTIONS AND ANSWERS ABOUT THE COMMUNITY SERVICES BLOCK GRANT

Following are several questions raised in the Congress pertaining to the reauthorization of CSBG. The responses provided are based on our fieldwork in the eight states and 16 local communities.

WHAT ARE CSBG FUNDS USED FOR?

CSBG funds primarily support a variety of direct services. The most predominant are: information, outreach, and referral; emergency; and nutritional services. CSBG is also used to fund administrative functions of CAAs.

In fiscal year 1985, the 16 CAAs used an average of 78 percent of their CSBG funds to support a wide range of direct services and an average of 22 percent for administrative support. All 16 CAAs use CSBG funds to offer information, referral, and outreach activities. For example, the Pearl River, Mississippi, CAA found a couple living in their car and referred them to the local social services agency, which provided an apartment for them. The CAA then paid the utility connection fees for the apartment. In another case, the Gulf Coast agency in Gulfport, Mississippi, referred a 61-year-old low-income woman to the proper office in city government to obtain assistance in getting her landlord to repair her house.

Two other types of services were frequently supported with CSBG funds: (1) emergency services, which included providing groceries or temporary shelter to low-income persons, were offered by 15 of the 16 CAAs; and (2) nutrition services, which included self-help gardening and food canning projects, were offered by 12 CAAs. CAAs also used their CSBG funds to help individuals obtain financial assistance for housing, train home day-care providers, arrange transportation, and provide home meals for the elderly, ill, and handicapped.

Overall the CAAs said they used an average of 22 percent of their CSBG funds for administrative support, as defined by each agency. We did not define administrative expenses because no standard definition exists; therefore, we asked each CAA to identify the expenses it considered administrative. Substantial differences existed. The administrative expenses of two public CAAs in Colorado were absorbed by their local governments. For the others, the amount of CSBG funds used for administrative support ranged from about 2 percent in the Cedar Rapids, Iowa, CAA to about 58 percent in the Steuben County, New York, CAA. Cedar Rapids' 2-percent charge represented only a portion of its central office salary costs. Steuben County's 58-percent charge included all or part of (1) central office salaries and other related costs, such as fringe benefits, consultants, travel, rental, and supplies, and (2) salaries of the directors and staff of two other programs. Table III.1 shows that private, nonprofit CAAs used a greater share of CSBG funds for administrative support than did the public agencies. For example, four private agencies, but only one public agency, used 30 percent or more of their CSBG funds for administration.

Table III.1:

Proportion of CSBG Funds Used for CAA Administrative Costs

Range (percent)	Number of CAAs Public	Number of CAAs Private
0	2	0
0 - 10	0	1
11 - 20	1	1
21 - 30	4	2
31 - 40	1	2
41 - 50	0	0
51 - 60	0	2

DO CSBG-FUNDED SERVICES PROVIDED BY CAAs DUPLICATE THOSE PROVIDED BY LOCAL SOCIAL SERVICES AGENCIES?

In the communities we visited, CSBG-supported services essentially did not duplicate those offered by local social services agencies. Rather, they were established to fill local unmet needs and complemented the services offered by the social services agencies.

Our analysis shows that in all but one instance, CSBG-supported services did not duplicate those offered by local social services agencies. In general, CSBG-supported services were of a one-time or short-term nature, such as emergency food and shelter, while social services programs, which often receive SSBG funding, offered more long-term, maintenance-type assistance, such as food stamps and rental subsidies.

About half of the 112 CSBG-supported services offered by the 16 CAAs we visited were targeted to fill specific needs not addressed by social services agencies. Such needs included temporary housing, training, transportation, and elderly services. On the surface, the other half of the CSBG-supported services seemed similar to the services of local social services agencies. However, our on-site comparison of the types of clients served and the specific services offered showed that they were quite different in all but one instance. For example, the social services agency in Newport, Vermont, offers day-care services, while the CAA uses CSBG funds to support the training of day-care personnel. Likewise, in Detroit, the social services agency's transportation program offers medically related transportation for the elderly, while the CAA's transportation program provides for nonmedical transportation needs, such as grocery shopping.

At each of the 16 communities visited, we obtained information on the types of services offered and the clients served by the CAA and the local public social services agency (in some states, there were more than one in each community). This information was gathered through interviews with service providers and reviews of their records and documents. We assembled these data into 20 standardized categories for analysis. We then compared those categories in which each agency provided services to determine if the services provided were similar. If they were similar, we then determined, through further reviews, whether they were duplicative by assessing the specific nature of the service and clientele eligible to receive it. For example, in Shasta County, California, the local CAA offered services in 5 of the 20 categories, while the local public social services agency offered services in 8 of the 20 categories, as shown in table III.2.

Table III.2:

Services Offered by Shasta County Community Action and Social Services Agencies

Categories of services offered by the CAA	Categories of services offered by the social services agency
Information and referral services	Information and referral services
Emergency services	Emergency services
Housing services	Child day care
Youth services	Child protective services
Nutrition services	Adult protective services
	Elderly services
	Home-based services
	Adoption and foster care

Of the five services offered by the CAA, we initially determined that two were similar and three were different from those offered by the social services agency. We later determined that the two similar services were information and referral services and emergency services. The information and referral services offered by the CAA helps low-income persons apply for assistance programs, such as energy assistance, while the county program helps individuals find housing and identifies and offers assistance to adults who are unable to care for themselves. Regarding emergency services, the CAA, in addition to other emergency services, offers shelters for battered women and their children, while the county program offers shelters only for abused and neglected children. In instances where an abused or neglected child comes from a home with family violence, that child may be referred to the CAA shelter, which has a broader program.

The three other CAA programs offered services not available at the county social services agency program. These were housing rehabilitation services, nutrition services, and youth services.

Table III.3 shows the results of our analysis of CSBG and locally provided social services for all 112 services in the 16 CAAs we visited.

Table III.3:

Analysis of Potential Duplication Between CSBG and Locally Provided Social Services

State and CAA visited	Number of services		Number of services that were:		Number of duplicative services
	Social services programs	CSBG	Different	Similar	
California:					
Shasta County	8	5	3	2	-
Los Angeles	10	10	6	4	-
Colorado:					
Denver County	11	6	3	3	-
El Paso County	15	8	2	6	-
Florida:					
Bonifay	10	5	4	1	-
Dade County	9	10	7	3	-
Iowa:					
Des Moines	16	6	1	5	-
Hawkeye Area	17	8	1	7	-
Michigan:					
Detroit	10	5	3	2	-
Northwest Michigan	10	7	4	3	-
Mississippi:					
Pearl River Valley	13	3	1	2	1
Gulf Coast	13	4	2	2	-
New York:					
New York City	15	11	3	8	-
Steuben County	9	9	6	3	-
Vermont:					
Northeast Kingdom	8	6	2	4	-
Champlain Valley	8	9	4	5	-
Total	182	112	52	60	1

In one instance, we did find duplicative types of services offered. The Department of Welfare in Hattiesburg, Mississippi, had a county-funded emergency services program with a total budget of $300 per month, which included utility payments to the poor. The local CAA also had an emergency services program, which made cash payments for the same purposes. Although the same services were offered, the different clienteles served by the two agencies mitigate the chances of duplication actually occurring.

Local social services agency officials confirmed the results of our analysis and stated that the services they offered were not duplicated by the CAAs. They said that their agencies offered state-mandated services, while the CAAs provided services to meet other community needs. Some also said that the CAAs' services filled the gaps in the existing network by providing services to individuals the social services agencies could not serve. For example, local social services agency officials in Florida and Michigan stated that they referred individuals to CAAs to meet immediate needs for food and shelter either while applications for long-term assistance were pending or if they had exhausted their food stamps before the end of the month.

Top local government officials familiar with both programs also said that CSBG-supported services offered by CAAs did not duplicate those provided by local social services agencies. One Florida official stated, for example, that the CAA provided services not available elsewhere locally.

WHAT FACTORS CONTRIBUTE TO THE PREVENTION OF DUPLICATION?

CAAs assess community needs to identify service needs not addressed by others. In addition, CAAs and social services agencies coordinate continuously in various ways to prevent duplicative services.

First, CSBG-funded services at the sites we visited were provided to fill unmet local needs. The CAAs had identified service needs through periodic needs surveys, public participation forums, and analyses of statistics compiled by federal, state, or local agencies. For example, in 1985 the Bonifay, Florida, CAA organized 33 meetings in its three-county area to enable low-income individuals to express their needs. Similarly, in each of its four targeted service areas, the Des Moines agency has a Neighborhood Priority Board, which assesses the needs of its area and proposes methods to meet them. In contrast, the local social services agencies did not make such needs determinations since they provided services mandated by their states.

The second factor that contributes to the prevention of duplication is coordination between the local CAA and the social services agency. Four of the eight states we visited required coordination between CAAs and local social service agencies. All 16 CAAs we visited were familiar with the services of one or more local social services agencies. Also, the social services agencies we visited were generally familiar with the programs and services of the local CAA. This familiarity was based on a wide variety of interactions, ranging from informal client referrals to written cooperative service agreements and formal reviews of each other's service plans. All 16 CAAs had a client referral process with their local social services agencies, and 9 of them had formal cooperation agreements.

Service delivery agreements and data sharing are an important way to prevent duplication. For example, in El Paso County, Colorado, a clearinghouse maintains an inventory of services provided to individuals. Most local providers participate in this clearinghouse specifically to avoid duplication. In Gulfport, Mississippi, before providing services, the private social services agencies require individuals seeking assistance to demonstrate that they have not obtained aid from the CAA.

Although coordination works to avoid duplication, coordination could be improved in some areas. For instance, only 9 of the 16 CAAs and 8 of the 21 social services agencies had a copy of each other's plans, and only 5 of the CAAs and 5 of the social services agencies reviewed each other's draft plans. Regarding membership on advisory or governing boards, 10 of the 16 CAAs had a local social services representative on their advisory or governing board, but only 5 of the social services agencies followed this practice.

WHY ARE CSBG FUNDS IMPORTANT TO CAAs?

CSBG, on the average, accounted for 17 percent of CAA budgets for the agencies we visited. Because of the flexibility of CSBG funds, CAA officials say these funds are the only source of federal dollars that enable them to effectively administer their agencies' use of other federal, state, and local grants.

The principal funding source of CAAs is the federal government, which provided 89 percent of the total funds among the 32 states that completed the funding section in the 1984 national voluntary reporting system survey of CSBG programs. In the 16 CAAs we visited, federal funds also accounted for 89 percent of total funding, ranging from 47 percent in Denver to 100 percent in Shasta County.

In 1985, CSBG's share of funding in the 16 CAAs we visited averaged 17 percent, ranging from about 3 percent in Des Moines to 74 percent in El Paso County. According to the national voluntary reporting system, CSBG provided 11 percent of the 1984 budgets of the CAAs responding to the national survey. Several other federal programs--including Head Start, the Community Development Block Grant, and Low Income Home Energy Assistance--provide substantial CAA funding.

Table III.4 shows CSBG funds are proportionally more significant for public than private CAAs.

Table III.4:

CSBG Funding as a Share of Total Funding for the 16 CAAs in 1985

Range	8 public CAAs	8 private CAAs
Less than the national average (11 percent)	3	6
Greater than the national average (11 percent)	5	2

State, local, and private sources of funds also made up 11 percent of total CAA funds both on a national basis and for the 16 we visited. All but 1 of the 16 CAAs received some of these nonfederal funds, as follows:

--Nine received state funds, which represented from less than 1 percent to 18 percent of their total funds; five of these received funds that were not directly related to the purposes of CSBG.

--Fourteen received funds from local governments, ranging from less than 1 percent to 53 percent of total funds.

--Twelve received funds from local private sources, which represented from less than 1 percent to nearly 7 percent of their total funds.

CSBG Supports Administrative Operations

Because of its flexibility, CSBG is often used to support CAAs' administrative operations. Other federal and state programs often do not provide sufficient administrative cost funding to support the management of their individual programs, let alone the operation of the CAA itself.

CAA officials told us that they used CSBG funds for administrative support for two reasons. First, some of their other federal and state programs did not allow or did not provide sufficient funding for administrative activities. For example, CSBG funds were often used to administer the Department of Agriculture's surplus commodities distribution program because this program did not provide any funds for administration. Private grants sometimes had similar constraints. For example, the Steuben County agency used CSBG funds to pay most of the director's salary for an elderly program because the program's private sponsor would not allow its funds to be used for administration. Also, allowances for administration do not provide sufficient funds for such administrative costs as grant applications, needs surveys, and outreach and referral activities. For example, Head Start and the Job Training Partnership Act allow 15 percent, but the Department of Energy's weatherization allows only 5 percent.

The Steuben County agency said that because of these limitations, CSBG funds were used to support the salary of the weatherization program director.

Second, CAAs chose to charge CSBG for administration so that more services could be funded by other programs. For example, in Bonifay, Florida, the CAA did not charge its Head Start program the full 15 percent allowed for administration so that it could use these funds to serve more children; CSBG funds were used to make up the difference. Similarly, the Champlain Valley, Vermont, agency did not charge its federal emergency assistance program the allowed 1 percent for administration; instead, it used these funds for emergency services, such as food, clothing, and shelter.

THE ADMINISTRATION HAS PROPOSED TERMINATING CSBG. WHAT OPTIONS WOULD CAAs HAVE TO MITIGATE THE LOSS OF SUCH FUNDING?

The key is to find funding from other sources. Essentially, there are three alternatives available: CAAs could receive additional state, local, or private funding to replace the lost CSBG funds; SSBG funds could be used to fund CAA operations or services; or existing federal grants could be used to cover CAAs' administrative expenses. Prospects for additional federal, state, or local funding are uncertain at this time, and existing federal grants cannot be expected to contribute significantly more funding for administrative costs.

The ability of CAAs to secure other funds in response to the 1981 federal cuts may provide a useful insight regarding how they would deal with additional cuts. In 1981, total national CSBG funding was cut about 30 percent. These cuts affected individual CAAs unevenly, depending on the degree to which they relied on pre-block-grant funds and how states allocated the CSBG funds they received. Michigan, for example, developed a new distribution formula for CSBG, and Detroit received a 54-percent cut between 1981 and 1985.

In total, 10 of the 16 CAAs experienced CSBG funding cuts between 1981 and 1985, and they responded differently. Eight of 10 were able to increase their CSBG funding during that period through a variety of means:

--Federal funds mitigated reductions in one case. Los Angeles experienced a CSBG reduction in 1983 and transferred some of its Community Development Block Grant funds to address the shortfall.

--One CAA received an increase in state funds. Detroit received an increase in State Supplemental Assistance for CSBG activities, which helped mitigate cuts it received under the new formula.

--Three CAAs received more local government support. The Cedar Rapids CAA, for example, received $122,371 of city and county funds.

--Three CAAs received private funds. Both Cedar Rapids and Burlington, Vermont, for example, received funds from the United Way.

--One CAA used fees and product sales. In Cedar Rapids, senior citizens produce, market, and sell a variety of handicrafts to help generate income for the CAA.

Although it is not possible to know with certainty how CAAs will respond in the future if CSBG funds are terminated, about 90 percent of the local government officials in the 16 communities we contacted believed that no additional state, local, or private funds were likely to replace any CSBG cuts. The most commonly cited reasons were anticipated cuts in other federal programs, especially general revenue sharing and the Community Development Block Grant, and cuts that have, and may further, result from the Gramm-Rudman-Hollings deficit reduction legislation. Many also said that state and local pressures to limit taxes and the tight fiscal condition of many localities would make it difficult to respond to the loss of CSBG funds. In Dade County, Florida, for example, the state and county have tax caps that prevent them both from raising taxes above a certain level, which the county has reached. In addition, the county has simultaneously experienced federal aid cuts and an increase in the demand for services. As a result, local officials question their ability to maintain, let alone increase, local funding for the CAA.

It has been suggested that in the event of CSBG termination, SSBG funds could be used to fund CAA operations or services. State social services officials, however, said current SSBG funding is insufficient to meet existing demands and that the SSBG program either serves different clients or does not fund community service-type activities. Half of the local social services agency directors said their agencies could not absorb services dropped by the CAAs; others said they would evaluate the services dropped on a case-by-case basis and might pick them up. Several noted that their caseloads would rise if CAAs were closed.

It has also been suggested that existing federal and state grants could be used to fund administrative operations now funded by CSBG. However, 14 of the 16 CAAs we visited already charge the maximum amounts allowed for administrative expenses under other programs.

IF OTHER FUNDING WAS NOT PROVIDED TO COMPENSATE FOR THE LOSS OF CSBG, WHAT WOULD HAPPEN?

CAAs said they would reduce staff, consolidate operations, and reduce or eliminate services. Their unique community roles as providers of outreach, intake, and referral services would go unfunded. Only 4 of the 16 CAAs said they would continue to operate as CAAs; i.e., they would continue to offer the variety of services allowed under CSBG, but at a reduced level. The other 12 indicated they might no longer operate as CAAs, but would operate on a reduced scale, focusing on one or more categorical grant programs.

Effects of Possible Termination

The ways in which CAAs dealt with past CSBG cuts may provide a useful insight regarding how they might handle the termination of CSBG. The 10 CAAs we visited that lost CSBG funds between fiscal years 1981 and 1985 responded in the following ways:

--Eight CAAs reduced staff. Reductions ranged from the equivalent of 1.5 staff positions in Burlington, Vermont, to 83 staff positions in Dade County.

--Seven CAAs reduced or eliminated services. For example, Des Moines scaled back a large number of services, from mobile meals to the elderly to emergency shelter for victims of family violence.

--Three CAAs reduced service centers or providers. Shasta County reduced its service providers from 12 in 1981 to 6 in 1985. Dade County and Detroit reduced their service centers from 16 to 7 and 14 to 6, respectively. Due to the decline in the number of service centers in Dade County, service availability was reduced overall by about 50 percent.

We asked the 16 CAA directors for their views about the potential effect of CSBG termination on their operations. Several cited a number of potential actions they might take. Table III.5 shows that their perceptions parallel the reactions of the 10 CAAs we visited that experienced past cuts.

Table III.5:

Perceptions of 16 CAA Directors on CSBG Termination

Potential actions	CAAs
Reduce staff	9
Reduce or eliminate direct services	6
Close/reduce service centers	5
End outreach, intake, or referral services	4
End/reduce coordination	4

In addition, officials from 12 CAAs said they would no longer continue to operate as CAAs, but they might reorganize around one or more of the categorical programs that provide sufficient administrative support funds. For example, both Pearl River, Mississippi, and Northeast Kingdom, Vermont, indicated that they would convert to limited purpose agencies, focusing their operations on the Head Start program.

The other four said they would continue as CAAs, but on a reduced scale of operation and services. For example, both Des Moines and Denver would continue as CAAs, but the former said it would most likely reduce information and referral services and the number of service centers, while the latter said it might end its emergency food network.

WHAT ARE THE STATE AND FEDERAL ROLES IN ADMINISTERING CSBG?

States have the primary responsibility for administering CSBG, but they had neither set priorities for local CAAs nor generally provided additional funding at the time of our visits. However, all eight states we visited provided various types of oversight and assistance, which most of the 16 CAAs were satisfied with. Federal involvement in the program, through OCS, has been limited to providing oversight through 10 yearly site visits and technical assistance upon request; states have generally been satisfied with OCS's limited role.

State Role

The states we visited have generally not taken an active role in CSBG funding and programmatic matters. With regard to funding, only Michigan and Florida have supplemented the program with funds from their own sources. Michigan contributed $1.2 million in 1985 to support CSBG programs and services. This equaled about 9 percent of total federal CSBG funding in Michigan. Florida contributed $937,000 to its local governments during 1985 from a community services trust fund. This equaled about 9 percent of total federal CSBG funding in Florida.

Regarding programmatic requirements, states have not imposed priorities or goals on their CSBG grantees. Rather, they rely on grantees to identify and address the poverty issues listed in the CSBG legislation through local needs assessments. Only California and New York have identified statewide priorities, but local CAAs use these only as a guide in their own planning.

The eight states we visited use various oversight methods and a wide range of technical assistance and training to ensure that CAAs comply with federal law. State oversight consists of (1) collection and analysis of widely varying types of data, such as size of eligible populations, age of service populations, measures of service needs, and quantity of services delivered and (2) annual on-site monitoring visits. State monitoring focuses on local accounting for funds, the accuracy of administrative cost charges, and the adequacy of services and activities to meet CSBG's goals. All eight states also require their local grant recipients to have an independent financial and compliance audit. Only two of the eight states, however, collect information on planned versus actual program accomplishment at the local level.

All eight states provide technical assistance and training. Fifteen of the 16 CAAs said that they received training or assistance from their states. Of these 15, 11 were satisfied with the state assistance provided, 2 found it less than satisfactory, and 2 offered no comment. One dissatisfied CAA believed that the state lacked sufficient financial resources to provide the technical assistance desired. Ten of the CAAs said they needed additional training in such areas as procurement, computers, or legal issues.

Federal Role

OCS is responsible for administering CSBG and providing oversight. OCS also provides technical assistance to the states by answering inquiries on CSBG-related matters, participating in semiannual meetings of state officials, and conducting on-site compliance visits.

Annually, OCS gives the states information and guidance, based on the prior year's experience, to help them better prepare their program applications and plans. In addition to the annual review of state applications, OCS provides oversight and assistance through on-site visits. These visits are conducted in 10 different states each year to evaluate and provide feedback to state officials on state policies and procedures for implementing the assurances in the CSBG legislation. At the end of each assessment, the OCS team identifies areas needing improvements. While OCS offers recommendations for strengthening the state's CSBG program in a formal report, it will follow up on state actions only when the recommendations pertain to questionable compliance with the CSBG law.

An OCS official also conducts informal workshops for new CSBG state officials at the semiannual meetings of the National Association for State Community Services Programs. During these meetings, the official also meets individually with some state officials on a number of program matters.

In 1985, four of the eight states we visited requested technical assistance from OCS. The assistance requested related to such matters as property disposition procedures, funding, and the planning and grant application process. State officials said that OCS responses were both timely and responsive. Two of these four states would like more assistance. One would like OCS guidance on how to reduce or eliminate funding for CAAs that perform poorly. The other would like to be kept more current on CSBG changes. It has been relying on the Federal Register as the sole source for such information.

In addition to its oversight and technical assistance functions, OCS funds a national voluntary data collection system. This system, which is operated by a private contractor, provides the only national information annually on such items as program management, services delivered, and clients served. The data, which are voluntarily provided by the states, vary in quantity and type due to a lack of consistent national data collection standards.

APPENDIX IV

A RURAL CASE STUDY--

TRI-COUNTY COMMUNITY COUNCIL, INC.,

BONIFAY, FLORIDA

The Tri-County Community Council, Inc., is a CAA in Bonifay, Florida, that operates as a private not-for-profit corporation under state law. Tri-County was established in 1965 under the Office of Economic Opportunity antipoverty legislation.

Tri-County is governed by a 21-member board of directors, which includes 7 elected public officials, 7 persons from the private sector, and 7 community members representing the poor. The board meets monthly and holds additional meetings as necessary. The executive director manages the agency and is directly responsible to the board. All agency administrative officers and program directors report to the executive director.

In 1985, Tri-County had 78 salaried employees (43 full time and 35 part time) who managed and administered $2.6 million in programs. It also used 218 volunteers in 1985. Seven full-time employees and one part-time employee administered the agency in calendar year 1985. The agency uses its own staff to administer its programs and deliver services to its clients.

Tri-County serves the three rural counties of Washington, Holmes, and Walton in the northwest Florida panhandle. The three counties encompass 2,217 square miles and had a total population of 52,579 in 1984.

About one-fourth of the total population are below the poverty level, and about 11 percent are black. Elderly make up about 22 percent of the population; almost a third of them are below the poverty level. In 1984, the average per capita income for the Tri-County area was about $6,300 and the average unemployment rate was 6.3 percent. The average educational level of the low-income families served by Tri-County is the eighth grade.

According to Tri-County records, the CAA received abut $2.6 million in fiscal year 1985. Federal funds accounted for about 92 percent of this amount, and the remainder came from state, local, and private sources. As shown in table IV.1, CSBG funds were about 9 percent of the total.

Table IV.1:

Tri-County Funding in Fiscal Year 1985

Source	Amount	Percent
Federal:		
Community Development Block Grant	$ 661,120	25.7
Job Training Partnership Act	657,141	25.6
CSBG	**241,106**	**9.4**
Head Start	241,023	9.4
Weatherization	211,381	8.2
Transportation	117,236	4.5
Retired Senior Volunteer Program	30,700	1.2
Other	212,414	8.2
Subtotal	2,372,121	92.2
State	145,347	5.7
Local:		
Public funds	40,161	1.6
Private contributions	14,200	0.5
Total	$2,571,829	100.0

Tri-County also received in-kind contributions totaling about $92,000 from local public and private sources.

USE OF CSBG FUNDS

Although CSBG funds accounted for only about 9 percent of Tri-County's total revenue, they played a key role in agency activities. Almost 63 percent of the CSBG funds were used for direct services. The remainder were used for Tri-County management and administrative expenses (14 percent) and for administering other federal categorical programs (23 percent).

Direct Services

According to Tri-County, in fiscal year 1985 it used $152,064 of its CSBG grant to provide transportation, emergency services, and several food programs as follows.

Transportation Services

Tri-County manages the transportation program at the request of the three counties and the local social services agency. CSBG funds are used to run the program. CAA officials stated that more low-income people are served by having a single agency operate this program for all three counties. Tri-County owns six vans and three station wagons that it uses to provide transportation for the poor. Clients are transported to doctors, grocery stores, pharmacies, food stamp offices, social security offices, banks, food preparation demonstrations, canning centers, creditors, and community meetings. In fiscal year 1985, Tri-County used $34,446 of CSBG funds for this program: $17,218 for purchasing new vehicles, $3,000 for communication equipment, and $14,228 for operating costs.

Emergency Services

CSBG funds enable the agency to provide emergency services, such as the distribution of blankets, heaters, and fans to the poor. For example, during a heat wave in the summer of 1985, Tri-County purchased fans and distributed them to 186 households, benefiting 245 people. A total of $13,762 in CSBG funds was used to purchase the fans, identify and certify eligible clients, and announce their availability and eligibility requirements on local radio stations and in three local newspapers.

Food Preparation and Nutrition Education Services

Tri-County also manages the surplus food commodity distribution program for the three-county area and provides food preparation demonstrations and nutrition education classes to help CAA clients understand the importance of good nutrition and good health habits. As with the transportation services provided, Tri-County officials said they could not have undertaken these programs without CSBG funds, which paid staff salaries, and that a single agency providing the surplus commodity program was more cost effective than having each county operate its own. In calendar year 1985, 414 low-income persons attended 36 food preparation and nutrition education classes in the three counties. The agency used professional home economists, Department of Agriculture county home economists, and hospital and health department officials to conduct the classes. Tri-County also furnished seeds, fertilizer, and insecticide to 118 low-income families with space for gardens. Some of the families also used the canning centers to preserve the food they had grown. Tri-County used $93,762 in CSBG funds for these services, which included the cost of managing the canning centers where clients are taught to preserve food.

Community Meetings

With $10,094 in CSBG funds, Tri-County organized 33 community meetings for the poor during 1985. The meetings were intended to give low-income people an opportunity to express their needs and obtain information about programs, services, and assistance available from all sources. Tri-County uses data collected from these meetings in conducting its annual needs assessment.

Administrative Expenses

Tri-County used abut $89,000 of CSBG funds for its own management expenses and to administer its programs. It used about $34,000 for portions of the salaries of the executive director, executive secretary, head bookkeeper, assistant bookkeeper, planning director, two clerk typists, and the community services director and for other expenses, such as employee fringe benefits (FICA, insurance, retirement, etc.), liability insurance, printing, publications, telephones, photocopying, postage, bonding, office supplies, and maintenance.

Another $55,000 was used for the secondary administrative expenses of the other federal categorical programs managed by the agency--e.g., Head Start, Department of Housing and Urban Development Section 8 Housing Assistance, Weatherization, and Job Training Partnership Act. These expenses were primarily the salaries of the program managers. Tri-County officials said that it was necessary to use CSBG funds for the administrative expenses of these other programs because the fixed percentage amounts allowed by each program for administration were inadequate to obtain qualified people, prevent reductions in the level of client participation, and effectively manage the programs. For the Head Start program, Tri-County chose not to use the full 15 percent allowed for administration to avoid cutting the service level below 108 children. CSBG funds were used to make up the difference.

The officials said that the Job Training Partnership Act's titles I and IIA allow 15 percent but the act's Private Industry Council takes 7 percent, leaving only 8 percent to administer the program. They said that weatherization allows only 5 percent, and that Section 8 allows 10 percent, but restricts use to only the program's director and staff.

Tri-County officials said their basis for using CSBG funds to supplement administration of other federal programs is to cover the difference between what is allowed and that actually needed to retain qualified people to manage the programs and maintain services at current levels.

CSBG-SUPPORTED SERVICES COMPLEMENT THOSE PROVIDED BY LOCAL SOCIAL SERVICES AGENCY

The local social services agency provided such federally supported programs as aid to families with dependent children, the work incentive program, adult foster care homes, institutional care of aged and mentally retarded, food stamps, energy assistance, medicaid, adoption, family foster care, day care, mental health, and drug abuse. These programs provided by the social services agency are not included among any of the services and programs that Tri-County provides. Moreover, Tri-County's annual needs assessment process seeks to prevent duplication by identifying services provided by other agencies in the area.

There is extensive cooperation between Tri-County and the local social services agency. Through interagency meetings, county commission meetings, and mutual referral systems, each organization is thoroughly familiar with the other's programs. During the initial intake process, both agencies screen clients to determine if they need services provided by the other. Also, many of the individuals involved in operating the two agencies are life-long residents of the area and are very familiar with each other's programs.

The local social services director viewed Tri-County as the "voice" of the poor in determining unmet needs in the community and having the flexibility to adapt its programs to such needs. The director also did not think her agency could fill that same role because its services are mandated by federal and state programs. A local county commissioner, who is also the Tri-County board chairman and a life-long resident of the area, viewed the agency essentially as a service provider and an agency that can fill unmet needs in the geographic area.

POTENTIAL IMPACT OF CSBG TERMINATION

Between 1981 and 1985, Tri-County experienced an overall cut of about $133,000 (35 percent) in CSBG funds and a drop in total funds from all sources of about $1 million (28 percent). The effect of the CSBG cuts has been cushioned by having all department heads and program directors assume extra duties and responsibilities. However, as a last resort, some staff and services were also cut back.

To absorb CSBG cuts and prevent drastic cuts in services, the agency used CSBG-funded staff to administer other federal programs. Management officials increased their workloads by taking over management of two or more programs in addition to their regular responsibilities. For example, the agency planner undertook the management of the two Job Training Partnership Act programs along with the regular planning and reporting functions. In addition, Tri-County reduced its staff by 10 full-time salaried employees. However, by acquiring the transportation program, it was able to rehire three employees back in part-time positions.

Some services were reduced. For example, in years past, the agency's emergency services program distributed blankets, heaters, and fans to the poor, but only fans were distributed in 1985. In addition, Tri-County stopped renovating the dilapidated porches, doorsteps, and window screens of low-income families living in old homes.

Tri-County officials stated that although CSBG funds were only about 9 percent of their total fiscal year 1985 funds, they played a key role in total operations. CSBG funds accounted for over half of Tri-County's administrative expenses and helped fill unmet needs not covered by other antipoverty agencies in the area.

Tri-County officials said that if CSBG is terminated, CSBG direct-funded services will be eliminated or significantly reduced. Services provided under the agency's other federally supported programs will also have to be cut to make up for the loss of CSBG funds that were used to help administer these programs. The level of services and numbers of participants in each program will probably be reduced as the agency attempts to restructure its management and support staff to stay viable. However, Tri-County would first use attrition, salary reductions, and further doubling up of the workloads among staff and only cut services as a last resort.

Tri-County officials said that they have sought funds from all known sources to make up for previous cuts. They also said that state officials and legislators told them that the state would not replace CSBG funds. In addition, the local tax base is limited, given the area's rural character. Moreover, the counties are currently in the process of raising funds to comply with a federal court order to renovate local jails and prisons. Local governments will also be losing their federal revenue sharing funds.

A local county commissioner essentially echoed the views of Tri-County officials on the effects of CSBG termination. He said that it was extremely unlikely that the three rural county and city governments can replace CSBG funds for Tri-County. He explained that the counties are small, are rural, and have a very low tax base.

APPENDIX V

AN URBAN CASE STUDY--

NEIGHBORHOOD SERVICES DEPARTMENT,

DETROIT, MICHIGAN

The community action agency for the City of Detroit is the public Neighborhood Services Department (NSD), a part of the city government under the jurisdiction of the mayor's office. NSD obtains its planning and operations guidance through area councils, committees, subcommittees, and task forces. NSD also works through the Community Action Agency Board, which oversees and advises on major policy direction and implementation of its programs. The board is composed of 36 persons--12 from the public sector, 12 from the private sector, and 12 elected community representatives. A representative of the mayor is chairperson.

NSD has a staff of 184 full-time employees and operates $27.8 million in programs. It provides services from seven locations--the central office, three major service centers, one intermediate service center, and two part-time or satellite service centers. Of the total staff, 49 perform administrative duties. With its own staff and neighborhood volunteers, NSD provides such services as surplus food and food stamp distribution and energy assistance counseling. However, NSD contracts out for such services as weatherization, Head Start, packaged food provisions, and day care. Most of NSD funds go for contract services.

The number of individuals in need of NSD's services has grown over the last 15 years. While Detroit has experienced a 21-percent decline in population from 1970 to 1980, the number of public assistance recipients has grown steadily during this period, rising to about 400,000, or about 38 percent of the city's population, in 1985. These individuals represent about 174,000 households and form the target population for NSD services. NSD estimated that about 112,000 low-income persons, or about 28 percent of the 400,000 public assistance recipients, are reached through its programs.

In fiscal year 1985, NSD received $4,174,160 in CSBG funds--about 15 percent of its total funding of $27.8 million. Although CSBG funds have decreased from $9.1 million in 1981, the total NSD budget of $27.8 million has remained nearly constant. NSD's funding for 1985 is shown in table V.1.

Table V.1:

Neighborhood Services Department
Funding for Fiscal Year 1985

Source	Amount	Percent
Federal:		
Head Start	$10,033,977	36.0
Weatherization	7,333,333	26.3
CSBG	4,174,160	15.0
Community Development Block Grant	2,000,000	7.2
Low Income Energy Assistance	649,746	2.3
Feeding programs	298,318	1.1
Job Training Partnership Act	160,000	0.6
Subtotal	24,649,534	88.5
State:		
CSBG supplement	249,337	
Other sources	2,200,805	
Subtotal	2,450,142	8.9
Local:		
Public funds	549,090	
Private contributions	148,329	
Other	38,800	
Subtotal	736,219	2.6
Total	$27,835,895	100.0

In addition, NSD received local private in-kind contributions totaling $2,279,521, consisting of rent-free facilities for the Head Start program.

USE OF CSBG FUNDS

As shown in the table, the CSBG funds of $4,174,160 represented about 15 percent of NSD's total funding in 1985. NSD used 20 percent ($834,832) of these funds for administrative costs, another 20 percent for medical/dental services, and the other 60 percent ($2,504,496) for operating its six service centers.

NSD officials stated that the administrative costs of $834,832 were for central office expenses, such as rental, salaries, equipment, and travel. The amount charged CSBG funds covered about 54 percent of the total central office costs of $1,547,128.

CSBG funds were also used for medical services to help support the Detroit Health Department's operation of eight neighborhood clinics. These clinics provide primary health care to the poor and near poor, including physician services, diagnostic services, nursing services, nutritional services, laboratory services, prescription drugs, social services, and outside referrals. NSD's contribution of CSBG funds represented from 7 to 10 percent of the total budget for each of the eight clinics.

The CSBG funds used to help operate the six service centers represented about 48 percent of their total cost of $5,202,843. Expenses charged to CSBG included staff salaries, rental costs, equipment, travel costs, and supplies. An NSD official said the service centers' expenses are considered programmatic costs because their staff and volunteers provide direct services to the needy.

By supporting NSD's basic administrative framework and center operations, CSBG funds also provide direct and indirect support for its categorical programs and other services. For example, the central office staff administer the contracts and federal funds for such programs as Head Start and weatherization, while the centers provide a referral system for the services. Also, CSBG-funded staff provide emergency food and distribute food stamps and surplus commodities.

According to NSD officials, CSBG funds basically enable it to function in the community. The officials stated that although CSBG funds are only 15 percent of its budget, they provide for the core of its operations. The basic facilities and staff that enable NSD to provide community services rely on CSBG funds. NSD officials stated that CSBG funds are what "holds it all together"; i.e., the liaison and coordination between agencies, clients, and programs.

NSD officials view their most significant role as that of a mobilizer for supplemental help to poor people. They said that by providing services (such as emergency food and clothing) that supplement individuals' public assistance allowances, NSD is able to soften the impact of deprivation and need and enable these individuals to stretch public assistance allotments to make their life a little easier.

CSBG-SUPPORTED SERVICES COMPLEMENT THOSE PROVIDED BY LOCAL SOCIAL SERVICE AGENCY

Individuals served by both NSD and the Wayne County Department of Social Services (WCDSS) are similar in socioeconomic status and receive services from both agencies. However, they receive different services from each agency. NSD provides services that WCDSS cannot provide and that supplement or fill the gaps in services provided by WCDSS to public assistance recipients.

The director of WCDSS stated that because of federal regulations and state program policy, WCDSS is not able to provide a complete range of services needed in the communities. Therefore, NSD functions largely in those areas where program requirements prevent WCDSS from functioning or where it is not feasible to do so. For example, the director stated that neither federal nor state WCDSS funds provide for outreach activities; consequently, NSD concentrates on identifying non-public-assistance households who may be eligible for food stamps but who are not certified. The elderly and Supplementary Security Income recipients routinely run out of food stamps before the end of the month, the director added, and NSD provides them emergency food until they receive their next month's food stamps. Once recipients run out of their monthly allotment of food stamps, WCDSS, by regulation, cannot help them until the following month. In essence, WCDSS usually cannot respond to emergency situations, while NSD can. Similarly, the mayor's chief executive assistant stated that the services being provided by NSD to the poor are absolutely essential to meet community needs.

The potential for service duplication is also largely prevented because WCDSS and NSD representatives sit on each other's advisory committees and their staffs share service information. In addition, each has a copy of the other's service delivery plan and is afforded an opportunity to comment on the plan.

POTENTIAL IMPACT OF CSBG TERMINATION

NSD officials stated that past CSBG funding cuts forced them to centralize some activities, reduce staff and program evaluation capacity, and offer what were once considered regular services only on an emergency basis. For example, service centers were reduced from 14 in 1981 to 6 in 1985, and full-time staff were reduced from 237 in 1984 to 184 in 1986.

NSD officials stated that if CSBG was terminated, their reaction would be similar to those for the previous cuts, but more severe. NSD would probably close down its six service centers, they said, since CSBG is the centers' primary funding source. They added that it is unlikely that other federal, state, local, or private funds would be made available to replace the CSBG funds. The funds which Detroit has been using to support NSD's operations are also being cut drastically, they explained. In addition, fees and private funds are not available in the amounts needed to retain NSD's services. Further, if other federal programs are reduced as a result of the Gramm-Rudman-Hollings deficit reduction legislation, NSD will likely receive less funding for its Head Start, weatherization, and energy assistance programs.

WCDSS officials stated that, in their opinion, no other funds would be available to replace CSBG funds. Private agencies have their own specific priorities, which are established 2 or 3 years in advance, so it is unlikely they could pick up the services provided by NSD. In addition, no one would pick up food distribution because of the staff and logistics needs (warehousing, security, transportation, etc.). Moreover, they said social service departments are not funded for many of the functions carried out by NSD. They added that since social services will not be expanded, the services provided by NSD through CSBG funding would cease.

The mayor's chief executive assistant stated that if CSBG is terminated, it is unlikely that other city departments could pick up NSD's services. Other departments have their own budget problems, and there is no fill-in money to provide NSD's services without CSBG funds. He added that the problems of the poor are of such magnitude that the city does not have the funds to provide these services on its own.

Senator WEICKER. We will continue to work because I agree with you. I think the problems go back to almost 20 years, when a lot of money was thrown at certain problems without necessarily direction or personnel. We have come a long way since then. The community action programs are the best of what started out as an effort that really didn't know where it was going.

We have been through the learning curve, and it is like everything else, there is nothing peculiar about that. We have been through the learning curve, and what is going on out there right now is a great credit to those agencies and to the national policy. It is not something to be abandoned. I commend you and those that you represent.

Mr. BRADLEY. Thank you.

STATEMENT OF THOMAS RHODENBAUGH, DIRECTOR, UNITED STATES PROGRAM OF SAVE THE CHILDREN FEDERATION

Senator WEICKER. Next we will hear from Thomas Rhodenbaugh, director of the United States Program of Save the Children Federation.

Mr. RHODENBAUGH. Thank you, Mr. Chairman.

My name is Tom Rhodenbaugh, and I am the director of the United States Program of Save the Children Federation. As you know, save the children is an international private voluntary association which supports community-based efforts in 43 countries around the world, as well as here in the United States.

I am pleased to be here to submit testimony on behalf of continued appropriations for the community services block grant, and particularly the Office of Community Services discretionary fund. In my capacity as director of the agency's programs in the United States, I serve rural and urban communities in 16 States, I have had firsthand experience in administering funds provided under the discretionary authority since 1983.

The discretionary fund of the community services block grant is a unique resource for those of us struggling to provide the poor and disenfranchised with the opportunity to be productive. It is the only Federal program designed to promote and support community development and job creation in economically distressed areas.

The few remaining Federal programs designed to provide development assistance such as HUD's urban development action grants, UDAG, EDA grants, and the SBA have been substantially reduced, and under the administration's fiscal year 1987 budget are slated for elimination. Yet, even if these programs were fully funded, their goals and their focus differ substantially from those of the CSBG discretionary fund. For example, both HUD and EDA require that public sector agencies be applicants, and neither are particularly well targeted to economically distressed areas.

The aim of the discretionary fund, unlike other Federal programs, is to promote nonprofit community-based development efforts which in turn stimulate economic growth. Funds are used to provide capital to business enterprises, develop and retain jobs, rehabilitate housing, provide technical assistance and training, and cultivate networks among low-income people, financial institutions, and community leaders. Importantly, each program leverages significant private investment and requires the active involvement of communities served through effective self-help processes.

Projects selected for funding create new businesses in areas of the country which some may have thought unable to rebuild—either too poor, too old, or too rural to attract employers. The jobs created are useful ones and have a future. Projects funded include industrial rehabilitation, commercial and housing development, retail construction, manufacturing, training, and community services.

We, at save the children, have had an opportunity to participate in several of these initiatives. In Atlanta, and on the Navajo Reservation, we have been able to expand and replicate our successful family day care business consortium that recruits, trains, and supports women particularly single heads of households as family day care providers.

These women, operating out of their own homes, provide day care to up to six children. Through sound training and business assistance, these women are able to provide quality care to children of working parents who, because of its availability, can pursue training and employment.

Each provider is taught to operate as a business and many gross close to $10,000 annually. Seed funding from the discretionary program has allowed 80 percent of the 100 program participants to continue as providers or use the experience to move into the more traditional job market.

Our family day care network has grown since the funding to include over 1,000 day care providers in Georgia, and it is being replicated in New York, Mississippi River Delta, other American Indian reservations, and soon in our new program in Bridgeport, CT.

Discretionary funds are also utilized to expand the agency's native craft production and marketing, both in Appalachia and in the Southwest. Today, with the stimulus provides by discretionary fund support, these efforts have in place a $2 million-plus business that provides supplemental income to over 500 families, including retail outlets here in Washington, DC.

These efforts, stimulated by the availability of discretionary funds, have and will continue to pay significant benefits to our country. Jobs are there that wouldn't be there. Families are self-sufficient, and products and services that effectively compete in private economy.

Community development moneys provided by the discretionary fund are of vital importance not only to us but to poor communities across the country. With a small Federal investment, community-based organizations are able to develop a comprehensive approach for the economic and social revitalization of their areas.

We realize, Mr. Chairman, that the continued availability of discretionary funds is largely due to your efforts, and that we have been able to continue the worthwhile programs of the discretionary fund. I respectfully urge the committee to support full funding of the community services block grant, and the 9 percent set-aside for the discretionary programs.

Mr. Chairman, we thank you and other members of the subcommittee for considering our testimony. We applaud the subcommittee for its past support, and know, as an agency that has focused on the needs of the poor in the United States for nearly 55 years, that the best, most effective, and the longest lasting help we can provide is by offering people the opportunity to be productive. We urge the subcommittee to continue its support.

PREPARED STATEMENT

Senator WEICKER. Thank you very much, Mr. Rhodenbaugh. It is a great honor to have your organization in the State of Connecticut.

Mr. RHODENBAUGH. Thank you.

[The statement follows:]

STATEMENT OF THOMAS RHODENBAUGH

Mr. Chairman and distinguished members of this subcommittee, my name is Thomas Rhodenbaugh and I am Director of the United States Programs of Save The Children Federation. Save the Children is an International Private Voluntary Association with program efforts underway in 43 countries around the world and here in the United States. I am pleased to be here to submit testimony on behalf of continued appropriations for the Community Services Block Grant, and particularly the Office of Community Services Discretionary Fund. In my capacity as Director of the Agency's program in the United States, which serve rural and urban communities in 16 states, I have had first hand experience in administering funds provided under the Discretionary authority since 1983.

Mr. Chairman, I would like to take a moment to express my sincere appreciation and gratitude to you for your continuing efforts on behalf of the discretionary fund. Without your support and interest, organizations such as ours, and many others would not be able to maintain our efforts for those in need of our services.

The Discretionary Fund of the Community Services Block Grant (CSBG) is a unique resource for those of us struggling to provide the poor and disenfranchised with the opportunity to be productive. It is the only federal program designed to promote and support community development and job creation in economically distressed areas. The few remaining federal programs designed to provide development assistance such as HUD's Urban Development Action Grants, UDAG, EDA grants and the SBA have been substantially reduced, and under the administration's FY '87 Budget are slated for elimination. Yet, even if these programs were fully funded, their goals and their focus differ substantially from those of the CSBG Discretionary Fund Program. For example, both HUD and EDA require public bodies as applicants and neither are particularly well-targeted to economically distressed areas. SBA provides only loans or loan guarantees which are, by themselves, of little use to capital poor and impoverished areas.

The aim of the discretionary fund, unlike other federal programs, is to promote non-profit community-based development efforts which in turn stimulate economic growth. Funds are used to provide capital to business enterprises, develop and retain jobs, rehabilitate housing, provide technical assistance and training and cultivate networks among low-income people, financial institutions and community leaders. Importantly each program leverages significant private investment and requires the active involvement of communities served through effective self-help processes.

The success of a small amount of federal seed money has been remarkable. Federal investment has created thousands of jobs, at little cost, and in areas of the country hit hardest by unemployment. In 1983 for example, the Office of Community Services, OCS, with $18.8 million funded 42 projects across the country. 3,000 new jobs were created at a cost of $6,300 per job. In 1984, with federal funding of only $18.7 million, the OCS predicted that 42 grantees would be able to develop 3,800 new jobs. In fact, 4,858 new jobs were created at a cost of only $3,849 per job. And in 1985, the OCS expects 36 funded projects to create 3,710 new jobs at a cost of $4,641 per job. This from a federal investment of only $17.22 million.

Projects selected for funding create new businesses in areas of the country which some may have thought unable to rebuild -- either too poor, too old or too rural to attract employers. The jobs created are useful ones and have a future. Projects funded include industrial rehabilitation, commercial and housing development, retail construction, manufacturing, training and community services.

We at Save the Children have had the opportunity to participate in several of the initiatives with support from the Discretionary Fund. In Atlanta and on the Navaho reservation we have been able to expand and replicate our successful Family Day Care Business Consortium that recruits, trains and supports women particularly single heads of households as family day care providers. These women, operating out of their own homes provide day care to up to 6 children. Through sound training and business assistance, these women are able to provide quality care to children of working parents who because of its availability can pursue training and employment. Each provider is taught to operate as a business and many goes over $10,000 annually. Small seed funding from the Discretionary Program in a project completed over two years ago, has allowed over 80% of the 100 program participants to continue as providers or use the experience to move into the more traditional job market.

The Save the Children Family Day Care Network which has grown to include over 1000 day care providers in Georgia has, since the grant, been replicated in New York's Lower East Side, Mississippi River Delta area of Arkansas and on other American Indian Reservations.

Discretionary Funds were also utilized to expand the agency's Native Craft Production and Marketing, both in Appalachia and in the Southwest. Crafts have increasingly become a major source of income for small isolated communities on the Reservation, in Appalachian hollows and in isolated Hispanic Communities in Northern New Mexico. Today, with the stimulus provided by Discretionary Fund support, these efforts have in place a $1,000,000 plus business that provides supplemental income to over 500 families and includes retail outlets in four communities, including here in Washington at Dupont Circle.

These efforts, stimulated by the availability of Discretionary Funds have and will continue to pay significant benefits to society. Jobs are there that wouldn't be, families are self-sufficient and products and services that effectively compete in the private economy.

Currently, we are implementing two additional programs, made possible by the Discretionary Program.

The first is allowing us to expand our agricultural diversification program in Eastern Kentucky and South Carolina. This effort is providing training to small scale farmers in the production of alternative agriculture products that have high cash return and providing, processing and marketing to new markets.

The second, is providing through a unique self-help process, housing rehabilitation assistance on the Navaho Reservation. The housing repairs will bring over 50 homes up to safety standards and allow the home owners to qualify as family day care providers.

While it is too early to assess the impact of these new initiatives, the opportunities to the poor to be productive, and to achieve self-sufficiency would not exist without this vital programs.

Community development monies provided by the CSBG's discretionary fund are of vital importance not only to us but to poor communities across the country. With a small federal investment, community-based organizations are able to develop a comprehensive approach for the economic, political and social revitalization of their areas. Despite economic and political obstacles, these organizations have been able to achieve significant accomplishments in job creation, housing development, service delivery, institution building and economic and political empowerment for low and moderate income people.

We realize, Mr. Chairman, that the continued availability of CSBG Discretionary Funds are largely due to your effort, that we have been able to continue the worthwhile programs of the discretionary fund. I would respectfully urge that this Committee provide the full funding for the Community Services Block Grant ($36 million), the maximum under law for the discretionary fund -- 9% of the Block Grant or about $32 million. This action should yield about $18.5 million for vital community economic development projects. The discretionary fund time of fiscal austerity, and Gramm-Rudman Hollings, it is difficult to provide for the full authorization. However, the Community Services Block Grant, and the discretionary fund have been remarkably successful programs, ones deserving of additional funding.

Mr. Chairperson, we thank you and other members of the Subcommittee for considering our testimony. We applaud the Subcommittee its past support of the CSBG and Secretary's Discretionary Fund. As an agency that has focused on the needs of the poor in the United States for nearly 55 years, we have learned that the best, most effective and longest lasting help we can provide is by offering the opportunity to be productive. The Discretionary Program does this, we feel, effectively, particularly at a time of public retrenchment. Uniquely, the program supports opportunity, does not require an entrenched bureaucracy and works.

We urge the Subcommittee to continue its support.

STATEMENT OF HELEN BLANK, DIRECTOR, CHILD CARE, CHILDREN'S DEFENSE FUND

Senator WEICKER. Next, Helen Blank, director of child care, Children's Defense Fund [CDF].

Ms. BLANK. I feel a little bit like I am sitting here preaching to the converted. We, at CDF, greatly appreciate the support that you give to you children's issues.

Senator WEICKER. Let me say this to you. It is a matter of the record, and I think that it is terribly important. It is a tough enough battle against this administration, without showing any concern as far as the public is concerned, it would be an impossible battle. Believe me, it is not preaching to the choir. You are setting up the record, and it is important that those who care, like yourself, speak out.

Ms. BLANK. Thank you.

This year, we detect a great new interest in the country, and we think that some of it is being reflected both in the Senate, and especially in the House Budget Committee, in versions of the budget, in the importance of investing now in children, and the importance of prevention. We think that it is important to build on that recognition and to seek selective new investments to combat child and family poverty and promote economic growth and development toward self-sufficiency.

We think that we don't have a choice any more if we look toward the future. Children are our future—our future artists, teachers, and scientists—there is no longer any margin for human neglect. In 1950 there were 17 workers for each retiree. By 1992 that ratio will have shrunk to three workers for each retiree. What is neatly startting is that 1 out of every 3 workers will be from a racial minority, and at least 1 out of every 4 will have lived in poverty.

We think that we must invest now in cost effective preventive programs, and that this represents sound economic policy even in a time of budgetary crisis. Obviously, we have study after study documenting the effects of wise investments in prevention around Head Start, around WIC, around Medicaid, and maternal and child health, and compensatory education programs.

We are asking this year for this committee to expand support for several key programs that have these records of success. One of them is Head Start. Obviously, as a lobbyist for Head Start, I feel very closely to this program. The House budget resolution has recognized the important role that Head Start can play in children's future and allowed room for $150 million increase in Head Start above its fiscal year 1986 spending level. This would allow us to reach 60,000 more children.

We have to reach more children. We have a tremendous two-tier system in early childhood and child care growing in this country. More and more Americans recognize the importance of an early childhood experience for their young children, and 53 percent of 3 and 4 year olds whose families earned above $25,000 in 1982 were in preschool, but that number for families earning under $10,000 was only 29 percent. Sixteen percent of children who are eligible for Head Start participate. That number, despite modest increases under this administration, that percentage has dropped dramatically because 1 in 4 children is now poor.

We know that Head Start works for children. They do better in school. They are less likely to be absent. They get better health care. They are less likely, studies have shown, to be pregnant adolescents, to be juvenile delinquents, and they are more likely to finish school.

We also know that Head Start works for parents, and that is a very exciting part of the program. Four out of five Head Start children's parents provide a volunteer service in the program. Thirty-one percent of the employees of the program are parents of current or former students.

Will the States, with their current interest in preschool, help to fill the gap in early childhood?

Currently, the majority of the States still do not provide in an investment in preschool education. While we have seen some States, like South Carolina, Texas, and Massachusetts, begin to invest State money in Head Start like programs, we also see States like Mississippi, which has just this year appropriating funds for kindergarten, and we are fighting in Alabama to keep any day care program for low-income women at all. We are seeing a major cut in New Mexico for the third year in a row.

We must have an expanded Federal commitment to Head Start, to ensure that needy children in every region of the country, especially the poorest regions, have access to an effective early childhood development program. We think that this is a very important year to add to the program, given both the State interest and the strong recognition of Congress that Head Start like programs really pay off.

We recommend a funding level of $553 million for the maternal and child health block grant. We would like these additional funds to be used to reach greater numbers of low-income pregnant women with prenatal care services, and to target specialized comprehensive health programs for particularly hard to reach older children.

We know, again, the cost effectiveness of investments in maternal and child health. It costs $600 to provide a mother comprehensive prenatal care and to grow healthy babies, but it costs more than $1,000 per day to keep low birthweight babies alive in neonatal intensive care.

We agree with Dr. Heinrich about the importance of immunization, and we recommend this year an additional $25 million to the child immunization program to purchase a complete immunization series for an additional half a million infants, toddlers, and preschoolers.

We currently can immunize about 1 million children, and there are 21 million children under six in this country, and 1 in 5 is poor. We know that immunization pays off. We saved an estimated $1 billion in the first decade of measles immunization efforts. It is simply bad fiscal policy to have less than one-half of the black preschoolers fully immunized.

Another group of children that this committee has been extraordinarily supportive of, ever since we worked to pass the Child Welfare Reform Act in 1980, is children with special needs, victims of abuse and neglect, children with serious emotional problems, and children in foster care.

There are three programs that we urge you to look at this year: The Child Welfare Services Program, the Child and Adolescent Service System [CASS] Program, and the title IV–E Foster Care and Adoption Assistance Program. We recommend funding of $220 million IV–B, the Child Welfare Services Program, and $6.2 million in the Child and Adolescent Service System Program.

We have seen, since 1981, increasing reports of abuse and neglect by 40 percent. What we are very concerned about is that we see States cheating between serving children who need care as a protective service, and working parents who need child care in order to work.

Increased funding for the Child Welfare Services Program will help States to better respond to increasing reports of child abuse and neglect, and to continue to provide preventive services to help keep families together, and to strengthen families.

Increased funding for the CASS Program will help States continue to improve the coordination of services to seriously emotionally disturbed children and adolescents. Currently, fewer than 1 out of 3 of these 3 million children receives the health they need.

We, finally, ask you this year to look at a program that has just been enacted. It is an extension of our IV–E Adoption Assistance and Foster Care Program. The Reconciliation Act this year provided $45 million for fiscal year 1987 and 1988 to assist older youth in foster care who cannot be returned home or adopted in their transition to independent living.

We are very concerned that without such assistance, these children are often moved into homeless shelters after they reach the age of 18, and go on to the public assistance rolls. Approximately 40 percent of the 300,000 children in foster care are adolescents.

Finally, we ask you to look at chapter I and youth employment. Chapter I, we believe, should be funded at $200 million for fiscal year 1987. We see that this program has made a tremendous effect on low-income students, but the access to compensatory education services, which are key to use after children receive a Head Start experience, has been dramatically reduced.

In 1984, the chapter I programs reached 52 students for every 100 poor school-aged children, compared to 75 per such for every 100 poor school-aged children in 1979. We need to reverse this decline and to help school districts expand compensatory education services.

We would also like to see middle-school students at risk of becoming high school dropouts have access to compensatory education.

We urge you to respond to the serious and continuing shortage of opportunities for work and learning among the poor and minority teachers by increasing the 1987 appropriations for Job Corps and the Summer Youth Employment Program.

Obviously, the summer youth employment rate is exceedingly high, over 40 percent, and the number of teenagers now employed is lower than it was at the depth of the 1981–82 recession. We recommend a 1987 appropriation of $740 million for Job Corps, and $765 million for the Summer Youth Employment Program.

We urge you, as the Senate has done, to recognize the importance of WIN, which is now a key source of support for States developing innovative and effective ways, and designing comprehensive programs to remove barriers in employment, and reduce reliance upon AFDC for low-income families. We urge you to continue WIN at its fiscal year 1986 funding level of $220 million.

We also finally urge you to expand your support for the School-Aged Child Care and Resource and Referral Programs to $10 million, this is still one-half of its authorized level. Too many States have no support for school-aged children and resource and referral programs. This is a modest program, only providing startup funds, but what we are seeing is that it gets the issue on the table in States and begins to move it higher as a State agenda item.

We have a long list. We wish that we could choose among all of these programs, but we think that every one is important to making a difference in the lives of the children and their families. We appreciate your strong support of every one of them in the past, and we hope that this year can be a banner year for children.

Thank you.

PREPARED STATEMENT

Senator WEICKER. Thank you very much for your testimony. We really appreciate it.

[The statement follows:]

STATEMENT OF HELEN BLANK

The Children's Defense Fund (CDF) welcomes the opportunity to testify on the FY 1987 funding levels for federal programs serving low-income children and families. CDF appreciates the Subcommittee's strong support on behalf of the nation's children.

We believe that wise investment in our nation's children is the best investment for our nation's future. A strategy for investment in children must be guided by principles of prevention and cost-effectiveness as well as compassion, and it must be directed to the development of healthy, educated children, self-sufficient youth as well as strong families. Such a strategy requires:

1. No further budget cuts in federal programs vital to the survival of poor children and families; and
2. Selective new investments to combat epidemic child and family poverty and promote economic growth and development toward self-sufficiency.

A new investment policy in children and youth is not only a moral imperative, it is a practical necessity. Children are the country's future workers and taxpayers, its future leaders, artists, teachers and scientists. We no longer have any margin for human neglect. While in 1950, there were 17 workers for each retiree, by 1992 that ratio will have shrunk dramatically -- to three workers for each retiree. One out of every three workers will be from a racial minority. And at least one of of every four will have lived in poverty.

Wise investment in cost-effective, preventive programs for children is also sound economic policy in a time of budgetary crisis. Study after study document the savings generated from investments in prevention. Every dollar invested in comprehensive prenatal care, for example, saves over $3 in reduced health care costs in the first year alone of an infant's life. That same dollar saves up to $11 in total medical expenses over the lifetime of the child. Every dollar invested in Head Start returns $7 in reduced public expenditures and increased public receipts by program participants.

Years of research also prove the success of many critical children's programs -- they not only work, but work well:

- Poor children enrolled in Head Start, for example, score better on standardized tests than their peers; achieve more in school; are less likely to be absent, fail a grade, drop out of school, or need special education classes; and are more likely to finish high school, continue education beyond high school, and be employed.

- Prenatal care programs under WIC, Medicaid, and the Maternal and Child Health Block Grant increase birthweight of infants, reduce premature births, and reduce neonatal infant mortality. Yet the number of women receiving late or no prenatal care is increasing.
- Compensatory education programs eliminated 40 percent of the gap between black and white elementary school children in the 1970's, despite serving fewer than half of those in need. Studies show that Chapter I students consistently gain more in reading and math skills than children not participating and that these gains continue after participation ends.

This Committee through expanding support for several key programs can take critical steps toward a policy of sound preventive investment.

Head Start

We recommend an increase of $150 million in Head Start above its FY 1986 funding level of $1.087 billion. This will allow 60,000 additional children to receive a Head Start experience.

Recognizing the importance of early childhood development programs, more and more Americans are enrolling their children in early childhood development programs. Enrollment of three- and four-year-olds nearly doubled from 1970 to 1983. Fifty-three percent of these three- to four-year-olds whose families had incomes of $25,000 a year or more attended a preschool program in 1982. But not all American children are benefitting equally from this trend. Fewer than 29 percent of such children whose families had incomes of less than $10,000 a year were enrolled that same year.

Head Start is the primary source of support for comprehensive early childhood development programs for low-income children. It currently reaches 448,000 children; only 16 percent of those who need its services.

Head Start works for children. Children in Head Start obtain markedly higher levels of health care than children not in the program, have fewer absences from school, and perform better on physical tests. In the program year 1983-1984, 100 percent of the children enrolled for 90 days or more completed medical screening, including all of the appropriate tests. Ninety-six percent of those identifed as needing treatment received treatment. Ninety-five percent of the children were brought up to date in their immunizations.

Head Start also works for parents. Four out of five of Head

Start children's parents are providing a volunteer service in the program. Thirty-one percent of the program's paid staff are parents of current or former Head Start children.

In some states, the education reform movement has spawned interest in state-funded preschool programs. More state level leaders now recognize that an early start for low-income children may be a key factor in their ability to succeed. However, the large majority of states do not provide funds for early childhood development programs for four-year-olds. In a number of states such as Mississippi, which is only now appropriating funds for kindergarten programs for five-year-olds, state funding for preschool does not seem to be a realistic option in the near future. Alabama just won a difficult battle to prevent the total elimination of child care assistance for low-income children.

In this context, expanded federal commitment to Head Start is essential to ensure that needy children in every region of the country have access to an effective early childhood development program.

Maternal and Child Health Block Grant

CDF recommends a funding level of $553 million for the MCH Block Grant for FY 1987. This includes an addition of $75 million above funding levels of the past two years. The additional funds would be used to reach greater numbers of low-income pregnant women with prenatal care services and to target specialized comprehensive health programs for particularly hard to reach older children.

Study after study has demonstrated the cost effectiveness of investments in maternal and child health:

- It costs $600 to provide a mother comprehensive prenatal care and thus grow healthy babies; it costs more than $1000 per day to keep low birthweight babies alive through neonatal intensive care.
- It costs $25 to provide a child with treatment for strep throat under Medicaid, it averages $600 per day to hospitalize a child for untreated illness.

At the same time, there is widespread evidence that key maternal and child health indicators have eroded in the face of increased poverty and program cutbacks.

- Between 1982 and 1983, postneonatal mortality (deaths of infants ages 28 days to one year) rose 3 percent nationwide and 5 percent nationwide for black infants. The mortality increase among black babies was the first such recorded increase in 18 years. The black/white infant mortality "gap" in 1983 was the widest that it has been in over 40 years.

Immunization

The CDF recommends adding an additional $25 million to the Childhood Immunization Program in order to purchase a complete immunization series for an additional half million infants, toddlers and preschoolers.

- The current immunization program contains enough funds to finance a full series of immunizations (including pertussis, tetanus, diphtheria, measles, mumps, rubella, polio, and meningitis) for about one million children per year. Yet there are 21.3 million children in the United States below age six. Nearly one in five -- about 5 million -- is poor.

Despite the many poor children who lack proper immunizations, the Childhood Immunization program is funded at a level of only $57 million.

- Each dollar spent to immunize saves in reduced illness and hospitalization costs, according to the Center for Disease Control. It costs $47 for a complete immunization series for a child (includes DPT-diptheria, pertussis, and tetanus; measles; mumps; rubella; polio; and meningitis). It costs an estimated $25,000 per year to keep a mentally retarded child in an institution. The nation saved an estimated $1 billion in the first decade of measles immunization efforts. It is bad fiscal policy to have less than half of black preschoolers fully immunized.

Children With Special Needs

We also urge you to take steps to help improve services for three vulnerable groups of children with special needs: victims of abuse and neglect, children with serious emotional problems, and children in foster care. By increasing funds for the Child Welfare Services Program, the Child and Adolescent Service System Program, and the Title IV-E Foster Care and Adoption Assistance Programs you can help to more appropriately address the service demands created by escalating reports of abuse and neglect, and increasing gaps in services for emotionally disturbed children and adolescents. Specifically we request funding the Child Welfare Services Program at $220 million for FY 1987 ($22 million over the post Gramm-Rudman level and $13 million over the approved FY 1986 level) and the Child and Adolescent Service System Program at $6.2 million ($1.6 over the approved FY 1986 level).

Since 1981 reports of abuse and neglect of children have increased by 40 percent, reaching 1.7 million children in 1984, an increase of 16 percent from 1983. Yet the staff and services needed to respond to these troubled children and their families have declined significantly in many states.

- In a September 1985 report on foster care entry rates, the Inspector General of the U.S. Department of Health and Human Services noted that increasing reports of abuse in the states studied had not been matched by increased resources, and that "to respond to this increased workload, workers must carry loads more than that considered acceptable to do a good job."

Increased funding for the Child Welfare Services Program will enable states to better respond to these increasing reports, and to continue to provide services to keep families together where possible, eliminating the need for unnecessary and costly foster care.

Increased funding for the Child and Adolescent Service System Program (CASSP) will help states continue to improve the coordination of services to seriously emotionally disturbed children and adolescents. Currently fewer than one in three of these 3 million seriously disturbed children is receiving the help they need. Too frequently these youth fall through the cracks of the various child-serving systems. In spite of such need, the Administration proposed for the third year in a row to eliminate CASSP in FY 1987, beginning with a significant rescission in FY 1986. In so doing, the Administration takes away grants to 22 states (AL, AK, DE, GA, HI, ID, IL, IN, KS, KY, LA, ME, MS, NE, NJ, NY, OH, OK, PA, TN, VT, and WI) that have stimulated state-level progress in facilitating agency coordination on behalf of these youth.

The increased funds for abused and neglected children and those with serious emotional problems are seriously needed to complement funds targetted on youth in out-of-home care. Under the federal Foster Care and Adoption Assistance Program authorized under Title IV-E of the Social Security Act, certain children are entitled to foster care payments, as well as to adoption assistance payments. An extension of assistance to IV-E children included in the recently enacted Consolidated Omnibus Reconciliation Act provides $45 million to the states in FY 1987 and again in FY 1988 to assist older youth in foster care who cannot be returned home or adopted in their transition to independent living. Without such assistance, these children too often are discharged to their own care at age 18 and then move on into homeless shelters or on to public assistance rolls where they continue at public expense. Approximately 40 percent of the approximately 300,000 children in foster care today are adolescents.

Chapter I

As an important early intervention to prevent disadvantaged children from falling behind or dropping out of school, we strongly urge an increase of $200 million in FY 1987 funding for the Chapter I Compensatory Education Program. Chapter I provides essential support to school districts with large numbers of low-income students and is targeted for remedial and compensatory education services. Despite the proven effectiveness of the Chapter I program, access to these compensatory education services has been dramatically reduced during the past five years: in 1984, only Chapter I programs reached only 52 students for every 100 poor school-aged children, compared to 75 per such 100 children in 1979. An increase in FY 1987 funding to $3.89 billion would begin to reverse this alarming decline and enable school districts to expand compensatory education services to middle school students at risk of becoming high school dropouts.

Youth Employment

We urge the Committee to respond to the serious and continuing shortage of opportunities for work and learning among poor and minority teenagers by increasing FY 1987 appropriations for Job Corps and the Summer Youth Employment Program. Youth unemployment rates in our major urban areas remain frighteningly high, typically exceeding 40 percent, and the number of teenagers now employed is actually lower than it was at the depths of the 1981-82 recession. In order to reach more disadvantaged youth with intensive, cost-effective training services and to strengthen remedial education activities within summer jobs programs, we recommend FY 1987 appropriations of $740 million for Job Corps and $765 million for the Summer Youth Employment Program.

Work Incentive Program

The Work Incentive Program (WIN) remains the primary source of federal support for employment and training programs which move welfare recipients toward permanent jobs and self-sufficiency. States are increasingly utilizing WIN funds in innovative and effective ways, designing comprehensive programs which appear successful in removing barriers to employment and reducing reliance upon AFDC for income support. We urge the

Committee to continue WIN funding for FY 1987 at its FY 1986 level of $220 million.

School-Aged Child Care and Resource and Referral Programs

We recommend $10 million for FY 1987 to help communities start school-age child care and resource and referral programs. A modest amount of funds in this area could encourage states to expand their commitment to these important child care services.

STATEMENT OF WES LIBB, M.D., PRESIDENT-ELECT, AMERICAN ASSOCIATION OF UNIVERSITY AFFILIATED PROGRAMS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

ACCOMPANIED BY ANDREW SEGAL, AB CUM LAUDE, HARVARD UNIVERSITY, AND TRAINEE, THE KENNEDY INSTITUTE FOR HANDICAPPED CHILDREN

Senator WEICKER. Our next witness is Dr. Wes Libb, president-elect of the American Association of University Affiliated Programs for Persons with Developmental Disabilities.

Dr. LIBB. Thank you, Chairman Weicker.

I am Dr. Wes Libb, associate director of the Support Center for Developmental and Learning Disorders at the University of Alabama at Birmingham, and also president-elect of the association.

First of all, I want to express our appreciation for the leadership you have provided in the provision of quality services and resources to persons with developmental disabilities and handicapping conditions. We are particularly proud of the fact, this morning, that we do have a sister program in the State of Connecticut due to our mutual efforts.

Joining me this morning are Dr. Bill Jones, who is the executive director of the association, and Mr. Andrew Segal, who was a trainee for the last 10 months at the Kennedy Institute for Handicapped Children at Johns Hopkins University. Mr. Segal is a graduate of Harvard University, and has been accepted at three different medical schools in this country, and he will provide you with a brief 3 minutes of our testimony.

Mr. SEGAL. It is a great honor to be here.

The past two decades have seen a significant shift in values. This has been evidenced by commitments to preserve and improve the quality of life for disabled people.

Congress, at the forefront of this movement, created university affiliated facilities, UAF's, and mental retardation centers, MRRC's, which are charged with charting the course, preparing the leaders, and building capacities.

In addition, the MRRC's are involved in research aimed at understanding development and improving diagnosis and treatment of abnormal development.

These activities revolutionized life for disabled people by providing true support services, beyond mere life sustenance, that integrated them into society and helped them realize their social and economic potential.

We now wish to highlight just a few of our accomplishments. For example, severely disabled persons are now in public school programs and entering the work force as productive employees, rather than being relegated to institutions. Research achievements include developing interventions to prevent mental retardation from a few of its causes.

Our successes have created new challenges and opportunities for a healthy adult and aging population and we must begin to serve disabled people throughout their life cycle.

I want to add, if I could, that I, as an outsider, have been impressed this year, and I have asked others why we can't do more to help the many severely disabled people when they try to help themselves. I think that it would be of great interest to the administration that these programs are really keeping families together, and that is a key to their success.

PREPARED STATEMENTS

Senator WEICKER. I want to thank you, Mr. Segal, for your testimony. Indeed, I would like to sit here and engage in some dialog with you, but I have just received word from labor, health and human services that the reauthorization of Public Law 94-142 is up for my appearance, therefore, I have to literally run.

I thank you very much for your testimony, and you also, Dr. Jones. Thank you for everything that you have done.

The subcommittee will stand in recess.

[A brief recess was taken.]

[The statements follow:]

STATEMENT OF THE AMERICAN ASSOCIATION OF UNIVERSITY AFFILIATED PROGRAMS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

I am Dr. Hugo Moser, President of the Kennedy Institute for Handicapped Children in Baltimore, an affiliate of the Johns Hopkins University, and I am this year's president of the American Association of University Affiliated Programs for Persons with Developmental Disabilities (AAUAP). Joining me is Dr. Terrance Dolan, Director of the Waisman Center University Affiliated Facility and Mental Retardation Research Center located at the University of Wisconsin in Madison. He currently serves as Chairman of the Mental Retardation Research Center Consortium. It is also my privilege to introduce Mr. Andrew Segal, who during the last 9 months has been a trainee at the Kennedy Institute. Mr. Segal is a graduate of Harvard University and has been accepted to three medical schools: Pittsburg, Boston University and New York Medical College.

The past two decades have seen a significant shift in values. This has been evidenced by a commitment to preserve and improve the quality of life, to initiate research programs aimed at understanding developmental disabilities, and to policy and legislation which led to the creation of several programs in response to the needs of persons with developmental disabilities. To implement this policy, the Congress created University Affiliated Facilities (UAFs) and Mental Retardation Research Centers (MRRCs) charged with the responsibility to chart the course, prepare the leaders, and build capacities. In accepting these challenges, the UAFs have:

- established a standard of excellence in providing services to this distinct group of persons,
- provided interdisciplinary training to highly skilled specialists to ensure that the services they provide are in response to the total needs of the individual
- initiated efforts to apply the outcome of clinical research to the state of the art knowledge upon which contemporary professional practice and services can be based.

In addition, the MRRCs are:

- involved in research aimed at understanding development and the identification, intervention, and treatment of abnormal development processes.

To fully appreciate the revolutionary nature of these activities, they must be taken in their historical context. Prior to the 1960's, the decade in which the UAFs and MRRCs were chartered, disabled people were widely regarded as devoid of social or economic value. These individuals were segregated from society at large, and programs to aid them provided "care", often of a mere life-sustaining nature, rather than "service" that would lead to economic productivity or higher quality of life. Many of these "care" programs required residential placement, which involved the disruption of family integrity. We wish to highlight only a small number of the accomplishments for you and cite some of the priority "next steps" we recommend to realize the full benefits from these initiatives.

The UAFs and MRRCs have demonstrated that this social, and now legal, obligation can be successfully met. Their contribution may be seen in persons whose fragile medical status once dominated and limited their lives but who are now visible in a host of viable life experiences.

Example: Respirator dependent children, only recently confined to in-hospital care, are now participating in preschool programs

Example: Severely disabled persons who once were thought to have no alternative to a life of institutionalization are now in public school programs with their non-disabled peers and entering the work force as productive employees.

From a research perspective:

Example: A generation of children with PKU, a genetic disease which in an earlier time insured mental retardation, are now young adults of normal intelligence planning for their own families.

Example: Biomedical scientists have developed interventions that are highly effective in preventing mental retardation from a few of the many biological causes, such as congenital hypothyroidism.

Let's look at specific UAF and MRRC accomplishments for 1985.

In the UAFs......

o 62,421 persons with developmental disabilities were provided exemplary services. This included:

o 46,816 children and youth receiving prevention, early intervention, health care, treatment and evaluation services (a 19% increase over the previous year)

o 15,605 adults, who received services which increased their community.

10,871 UAF students and professionals were trained in UAFs in FY 85. This included:

o 1,215 trainees who received advanced, intensive training in leadership and interdisciplinary clinical competencies;

o 3,200 trainees receiving training in team practitioner and leadership competencies;

o 6,456 trainees trained in special interdisciplinary and developmental disabilities service applications

In addition, UAFs also impact on students in other, related university programs and through continuing education by providing knowledge about the interdisciplinary process and DD related issues. In FY 1985, UAFs reached:

- 223,431 individuals, most of whom were professionals involved in the provision of services to multi-handicapped infants and children and their parents, participated in conferences, continuing education, workshops, and other special programs with UAF faculty;

- 35,230 college and university students received lectures and courses on developmental disabilities from UAF faculty as part of their course of study.

In the MRRCs.....

- over 500 scientists in University laboratories are conducting research on the causes and treatment of developmental disabilities;

- over 1500 graduate-level trainees are being trained to continue the nation's research efforts to bring about increased understanding leading to eradication of developmental disease

- since the MRRCs were created by the Congress, over 10,000 scientists have been trained within the MRRCs.

As a result of these and other efforts during the past 25 years and focusing largely on children in the early years, we have witnessed substantial gains. We can document that early intervention minimizes the consequences of the disability. However, we must enhance our capacity to serve this high risk population from birth, to extend our reach to fill this critical gap with a coordinated effort by the providers of health, education, and social services.

The successes have created new challenges and opportunities now for a healthy, dynamic, and productive adult and aging population. The work must continue its emphasis upon the exploding knowledge and experience base with children, but now must expand to include the full life cycle of all persons with developmental disabilities.

The adult with disabilities presents different needs. The needs of these persons require the same type of bold and effective leadership UAFs have provided in expanding services and programs for children. The UAF network's substantial expertise and involvement in the life family, community, and services for these persons, provides the vehicle to expand and ensure the continuing successful journey. Congress has created the means to fulfill the mission for the successful integration of all persons with severe disabilities into society and valued life opportunities.

Today, and in the future, the challenges which we must address include:

- extension and expansion of services to infants and their families (from birth). Senator Weicker's leadership in this regard is particularly noteworthy. UAFs and the consortium of MRRCs stand ready to assist in the implementation of this major initiative.
- focus on the increased difficulty in the years of transition from childhood to adult;
- obtaining access and entry into an array of services for adults who are developmentally disabled, to provide the supports to enable them to achieve greater economic self sufficiency and social integration with the larger society; and
- addressing the unique needs of ever increasing numbers of aging persons with developmental disabilities, who need adequate housing, assistance in accessing social supports, preventive and ameliorative health care, and companionship.

From the perspective of research, tremendous opportunities and serious new threatening diseases require effective and timely efforts. It is of greatest importance that the research community:

- apply the new developments in molecular biology and recombinant gene therapy to the problems of developmental disabilities. We have the opportunity to eradicate all developmental disorders that can be associated with the anomalous structure or function of a single gene;
- continue to develop new programs aimed at Fetal Alcohol Syndrome, a disorder leading to permanent impairment of a child brought about by the mother's consumption of alcohol during pregnancy;
- develop new research programs concerned with the pediatric onset of AIDS. AIDS has been shown to have an affinity for central nervous system tissue. If unchallenged, pediatric AIDS will lead to severe mental retardation and other disabilities.

The AAUAP programs supports the levels of appropriation recommended by the Consortium for Citizens with Developmental Disabilities (CCDD). These appropriation levels are conservative and realistic. In summary, let me be specific in identifying the resources necessary at the federal level to accomplish this task:

1. Administration on Developmental Disabilities (ADD) support for the UAF program at $10.1 million

This appropriation would allow the network to achieve funding stability for existing programs to enable UAFs to continue to address the program priorities we have outlined.

2. Continuation of the support for ADD Special Projects at the level of $3.1 million

These funds are vitally needed to benefit services in ways that state funding cannot, such as facilitating coordination among federal agencies and providing nationwide technical assistance.

3. Continued Maternal and Child Health (MCH) support and retention of the full 15% setaside. We recommend raising the authorization and funding levels to $600 million.

The MCH Block Grant program provides assistance to state Crippled Children's and public health agencies which cannot serve families without such assistance.

We urge that the full 15% "setaside" level of $90.0 million be retained for interdisciplinary training, applied research, and special programs to enhance the quality of health and overall care and treatment to persons with chronic disabilities and illnesses.

4. For the NICHD, we ask that $376.7 millions be appropriated to support research.

The scientific community is making tremendous strides forward and is capable of significant and continued progress in this important area if sufficient resources are available. With the $377 million for the NICHD requested above, the following efforts can be initiated during the coming year by the MRRCs and the UAFs working together.

1. A prospective study of very low-birthweight infants. These infants are at great risk for developing mental retardation and other developmental disabilities.
2. Studies of infants and aging persons with Down Syndrome. These individuals have not been the benefactors of sufficient research to develop effective early intervention programs and programs aimed at understanding the early onset of Alzheimer's-like conditions;
3. New research on self-injurious behavior in persons with mental retardation.
4. A collaborative study of persons with Fragile-X Syndrome. Recent genetic research has uncovered a genetic syndrome associated with mental retardation which is about one-half as prevalent as Down Syndrome in males.

These are exciting opportunities that will have a great impact on the societal and fiscal consequences of developmental disabilities. The MRRCs and the UAFs have already had planning meetings to coordinate these national efforts. However, these collaborative studies depend upon sufficient research support for the NICHD. None of these efforts can happen if the support of the NICHD is limited to the magnitude at or near the level requested by the administration in its budget request.

In summary, the commitment that Congress and society made to individuals with handicaps was not a short-term commitment. It was not meant to be fulfilled just when times were good. This commitment was a long-term investment in our nation's future. Our request, Mr. Chairman is for your assistance in continuing the fiscal support necessary to ensure that this commitment is fulfilled.

STATEMENT OF ANDREW SEGAL

The past two decades have seen a significant shift in values. This has been evidenced by commitments to preserve and improve the quality of life for disabled people.

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Our successes have created new challenges and opportunities for a healthy adult and aging population, and we must begin to serve disabled people throughout their life cycle.

The AAUAP supports the appropriations recommended by the Consortium for Citizens with Developmental Disabilities. They are conservative and realistic.

STATEMENT OF DAVID LIEDERMAN, EXECUTIVE DIRECTOR, CHILD WELFARE LEAGUE OF AMERICA

Senator CHILES [presiding]. The subcommittee will reconvene.

The next witness is David Liederman, executive director of the Child Welfare League of America.

Mr. LIEDERMAN. I am David Liederman, executive director of the Child Welfare League of America, which is a privately supported national organization of 400 public and private voluntary nonprofit child caring agencies in the United States. Included in our membership is the Children's and Family Services, the Boys and Girls Aid Society of Florida, the Dade County Social Services, State Departments of Social Services, Rehabilitation Services of Florida. We have many members from Florida.

Senator CHILES. The full text of your statement will be included in the record, and we would be happy for you to summarize.

Mr. LIEDERMAN. We do mention a number of programs in the statement, and I want to pick out three that I will mention here this morning.

The first is title IV–B, child welfare services. This committee was very kind last year in attempting to increase the amount from the administration's recommended $200 million to $240 million, and we ended up with $207 million, and the authorization level is $266 million. We would urge the committee to go to $266 million this year.

I can't stress enough the importance of these preventive services for children and families. The Child Welfare League just recently completed a study on child abuse and neglect in the United States, and surveyed all of the 50 States, and found that from 1983 to 1984, there was an overall increase of 16 percent in abuse and neglect cases, and a 59-percent increase in the number of sexual abuse cases in the United States.

We also found that what was happening in the agencies was that the agencies were setting priorities. They were serving younger children first. We called the study, "Too Young to Run," and the reason they were serving younger children was that they felt that older children could take care of themselves better and could run, so that 11 year olds and under were getting priority and were getting served first. They were also picking abuse cases over neglect cases, and serving children who were abused first, rather than those who were neglected. Yet, studies have shown that neglect cases many times end up in death more often than abuse cases.

We think that this is an intolerable situation. There are many programs, State supported programs, programs run by private agencies that are funded by IV–B funds that are really aimed now at trying to preserve families, trying to figure out how do you work with a high-risk family where there are instances of abuse and neglect. How do you change behavior? How do you help this family to change behavior so that the children do not become victims?.

As a matter of fact, in July we are bringing together in San Francisco every program in the United States that is doing innovative work in the area of family preservation. We think that if the committee could increase the funding level up to the authorization level, it would just help tremendously in giving us the resources that the agencies need to do better work for high risk families in this country.

The second program that I want to mention is the Independent Living Program. Last year, through the efforts of the Senate, a new program was established called title IV–E, Foster Care Independent Living Program. The purpose of this program is to provide services to those youngsters who age out of the foster care system.

In most States, when you reach the age of 18, you are no longer eligible for funding. I have three children who all passed the age of 18. When they were 18, they were not ready for independent living. I don't know many 18 year olds in this country who are ready for independent living when they are 18.

So to say to a child who has been in the foster care system, simply because you are 18 years old, you are now emancipated and you are on your own, just is not going to work. Through the efforts of the Senate, the authorizing committee established a program at $45 million, and we really urge you and this committee to fund it at the $45 million level.

This money will enable States and private agencies to provide services, job training services, support services, help kids finish their high school education, do what they need to do to really become independent.

There have been many studies, the most recent one in New York, which show that a very high percentage of the homeless population, the single individuals who are in the homeless population, have come out of the foster care system. So clearly, we need to do something when young people hit the age of 18, and they are going to 50,000 in that group that could be helped by this title IV–E Independent Living Program for Foster Care Children. So we urge your help in that.

Third, and last, is the Adoption Opportunities Program, which you funded last year at $5 million. We urge you to continue to fund it at $5 million. There are 36,000 special needs kids in the United States who are either handicapped or minority children who are legally free for adoption. We need to do everything humanly possible to help these children find decent homes, and find a support system.

If there is anything that a young person needs, it is to know where they are, to have support, to have a sense of family, to have some love and caring. The Adoption Opportunities Program allows that to happen. So we urge this committee to fund that at the full $5 million level.

Those are the three. We appreciate your help in the past, and we look forward to your help this year.

Thank you.

Senator CHILES. As you know, this committee takes a great interest in the programs that you speak for.

Mr. LIEDERMAN. Thank you.

PREPARED STATEMENTS

Senator CHILES. The chairman does, and I think that all of the members of the committee do. We are delighted to have your testimony, and we will certainly be trying to see how we protect your programs, and the people that you represent.

Mr. LIEDERMAN. I appreciate it, Senator. Thank you.

[The statements follow:]

STATEMENTS OF DAVID LIEDERMAN

Good morning, Mr. Chairman and Members of the Subcommittee. My name is David S. Liederman. I am the Executive Director of the Child Welfare League of America (CWLA). The League is a national privately supported organization comprised of approximately 400 public and private voluntary non-profit agencies and 1,200 affiliates, located throughout North America, whose efforts are directed toward the improvement of care and services for children and families who are at-risk. The services provided by our agencies include adoption, foster family care, residential treatment, day care, and home-based family crisis intervention. Among our members are the Connecticut Department of Children and Youth Services; Iowa Children's and Family Services; and the Wisconsin State Department of Health and Social Services.

Mr. Chairman, I would like to begin my statement by thanking you and the Members of this Subcommittee for the leadership and support you have consistently demonstrated for children over the past several years. The services our agencies provide could not be adequately delivered without the sustained Federal funding which this Subcommittee has recommended and helped to secure.

The Title IV-B Child Welfare Services Program is foremost among those programs utilized by our members to serve children. I am pleased to say that it is also among those which this Subcommittee has strengthened by recommending appropriations closer to its fully authorized level of $266 million.

How does this program produce results at the state and local level? In FY 1986, Connecticut received $1.8 million in Title IV-B funds, enabling the State to continue a variety of programs and services for children and families in crisis. With some of this money, Connecticut funded Regional Child Protection Teams to train social workers to better investigate suspected child abuse and to more effectively employ decision-making techniques to determine whether it is more appropriate to remove a child from the home or to provide home-based services instead. Other sums were used to train public school teachers to identify and report child abuse and neglect. Connecticut used Title IV-B funds to establish Parents Anonymous chapters throughout the state to help abusive parents better understand, control and change their behavior. An additional 30 grants -- ranging from $2,000 to $73,000 -- were provided to operate crisis nurseries, parent training centers in hospitals, consultation contracts with medical and clinical professionals, and other programs to assist in treating abused children and their families.

Due to tremendous increases in child abuse and neglect reports -- particularly reports of sexual abuse -- the need not only to maintain but to expand such programs is critical. According to the Child Welfare League's report, Too Young To Run, from 1983 to 1984, reports of child abuse and neglect increased by 16% -- double the increase of the prior year. Reports of child sexual abuse increased even more -- by 59%. At the same time, however, resources for services and staff have either remained constant or declined (more often the latter).

The resulting situation is one for which Americans should be ashamed. With respect to suspected victims of child abuse and neglect, State agencies are being forced to operate as if they were medical triage units -- like the ones on the T.V. show, MASH -- giving priority to some children and leaving others to languish in perhaps dangerous situations until time and resources are available. The children involved are caught in a tragic and sometimes fatal "Catch 22." States acknowledge that neglect reports are now receiving lower priority than physical abuse reports, despite the fact that neglect accounts for a higher proportion of fatalities. Lower priority is given to reports of abuse to "older" children, often defined as young as 11, with delays of up to two weeks for investigations. Officials are forced to reason that older children can either fight back or run if the abuse becomes too severe -- hence the title of our report, Too Young to Run. When officials guess wrong, the children must pay. What kind of nation are we to allow the very lives of our young to be adminstratively prioritized in such a manner?

At the same time, many cases which could be appropriately treated in the home, preventing the emotional damage of family disruption, end in the child's removal due to the lack of adequate home-based support services which protect the child while preserving the family. Title IV-B was intended to prevent the unnecessary and inappropriate removal of children from their homes. CWLA urges this Subcommittee to continue its support for this program by recommending the fully authorized level of $266 million for Title IV-B in FY 1987.

Another important program which I would like to bring to your attention this morning is the Foster Care Independent Living Program, authorized under the existing Title IV-E Foster Care Program by the FY 1985 Reconciliation Act. The authorization entitles States to $45 million in FY 1987 to enable them to establish transitional programs for adolescents who are "aging-out" of the Federal foster care system. The need for this program cannot be overstated -- these are children who have no natural or adoptive home to which to return. Once the Federal or State subsidy is terminated, often as early as age 18, these youngsters quite literally have no where to go. Too many are unprepared for independence -- as many of our children might be in a similar situation. Many end up as part of the homeless population, on public assistance or worse, as part of our prison population.

If funded, the Independent Living Program will provide needed transitional services. Among other things, these services will enable participants to seek a high school diploma or pursue vocational training. They can help youngsters to secure and maintain housing and search for employment. Some 50,000 foster care youth between the ages of 16 and 20 will benefit. CWLA strongly urges that you recommend full funding for the Title IV-E Foster Care Independent Living Program at $45 million for in FY 1987.

Finally, I would like to mention the Adoption Opportunities Program, for which this Committee recommended full funding of $5 million in FY 1986. This program supports activities aimed at eliminating barriers for the adoption of special needs children -- that is, those children who are "hard-to-place" due to a handicapping condition, age, or minority status. About 36,000 special needs children are now legally free, waiting to be placed in permanent adoptive homes. Of these, 37% are handicapped and 42% are minority. Their median age is 12 and two-thirds have been in foster care for 2 years or more.

Report language accompanying the FY 1986 appropriations bill required that the increased amount of $3 million for this program should be available for the recruitment of families to adopt these waiting children, as well as for the training of personnel to work with such families. In recommending full funding of $5 million for this program in FY 1987, CWLA would also recommend that $3 million again be directed to be used for recruitment and training with special emphasis on outreach to minority families. This would strengthen the targeted efforts begun with last year's appropriation and help assure that homes are found for all 36,000 of these special children who are waiting.

Again, I would like to thank you, Mr. Chairman, for all your efforts on behalf of these very vulnerable children and for the opportunity to appear before you this morning to present the views of the Child Welfare League with regard to Federal funding levels for the programs that serve them.

I'd be happy to answer any questions you may have at this time.

Good Afternoon, Mr. Chairman and members of the Subcommittee. My name is David S. Liederman and I am the Executive Director of the Child Welfare League of America (CWLA).

As you may know, CWLA is a national privately supported organization comprised of approximately 400 public and private voluntary not-for-profit member agencies and 1,200 filiates who provide a variety of child welfare services to children and their families throughout North America. Included among our members, for example, are the Connecticut Department of Children and Youth Services; Iowa Children's and Family Services; The Boys and Girls Aid Society of Oregon; and the West Virginia Child Care Association.

The services provided by our agencies include adoption, foster family care, residential treatment, group homes, day treatment, home-based social services and child day care. Tragically, the reason why many of these children come into our care is because they have been abused or neglected. Because most of these children suffer from emotional as well as physical abuse, the care our agencies provide extends far beyond basic room and board. It includes highly specialized counseling and treatment programs aimed at helping these children 'evelop normally, realizing their self-worth and full capacity as children and ultimately as productive adults in our society.

Our ability to provide these services and to insure the success of these children's lives, begins here -- at the Federal level -- and is very much dependent upon the decisions made by this Subcommittee with regard to funding levels of the programs under your jurisdiction. All of these programs are important, but I would like to highlight a few that are especially critical.

Title IV-B Child Welfare Services is essential in helping us keep children and families together. In 1980, P.L. 96-272 amended Title IV-B of the Social Security Act along with the Title IV-E Foster Care Program. At the time, the Federal foster care system was in crisis with approximately 500,000 children nationally reported to be "languishing" in out-of-home care. Many of these children were "lost in the system" with agencies having no idea who they were; where they were; or why they were there in the first place. During testimony on P.L. 96-272, Congress learned that one reason for this was that there were few (if any) services available to either prevent the child's removal from the home or to help reunify the child with his or her family once removal had occurred.

At that time, Title IV-B Child Welfare Services could be used for maintenance (i.e., room and board) payments for children in foster care. However, P.L. 96-272 amended Title IV-B by requiring that future appropriations could only be used for the purpose of establishing an array of child welfare services designed to: (1) prevent the unnecessary separation of children from their families by assisting in resolving problems and preventing family ..eakup; (2) reunify the family as quickly as possible when separation was appropriate; and, (3) place children in permanent adoptive homes where restoration to the biological family is not possible or appropriate.

Despite the fact that Title IV-B Child Welfare Services is currently funded far below its authorized level of $266 million (the FY 1986 appropriation level is $207 million; the 1986 Gramm-Rudman level is $198 million) there is evidence that the program is beginning to achieve what Congress intended.

In Iowa, home-based service programs, utilizing Title IV-B funds, operate in almost every county. In 1985, 2500 families were served by home-based, family-centered agencies who reported a 92% success rate in keeping families together. In addition, almost 200 children 10 were removed from their homes were successfully reunified with their families as a result of such programs.

In Maryland, for example, Title IV-B funds were used to develop and implement a Reunification Project. According to a December 1985 report on this project, of the 1,035 eligible children served, 619 or 60% were successfully reunified with their families. The average length of time in care was reduced by 2 1/2 years and estimated foster care savings was $5.4 million.

The examples we cite here are being replicated all over the country. But much more remains to be done. In Kentucky, for example, a 1985 report from the Governor's Protective Services Advisory Committee titled, Kentucky's Children: A Critical Moment, found that in ntucky:

> The system for protecting children from abuse and neglect is so inadequate that the state fears for the safety of some children in its care. Some children are being removed from their own homes for lack of services to their families. Some children are suffering from being shifted from one foster home to another and another and another. Some children are growing too old in foster care to have a reasonable hope of being adopted....

These are the very situations which Title IV-B was intended to prevent and which, as has been demonstrated, can be prevented -- but only with adequate resources. Therefore, in order to enable Title IV-B to be truly effective in addressing the needs of children and families in crisis, the Child Welfare League of America urges this Subcommittee to fund Title IV-B at ts fully authorized level of $266 million.

Title IV-E Foster Care and Adoption Assistance are two important programs which provide for out-of-home care and subsidies for special needs children who cannot be reunited with their families for whom permanent adoptive families are found. Again, in terms of the intent of P.L. 96-272, both programs appear to be working. In 1984, the national foster care population was reduced to approximately 276,000, compared to 502,000 at its peak in 1977. Conversely, the Adoption Assistance program has grown from FY 1982, when permanent adoptive families were found for 3800 special needs children, to FY 1986, when an estimated 21,000 special needs children will be placed in adoptive homes.

The Child Welfare League of America supports and urges this Subcommittee to adopt the dministration's budget request for the Adoption Assistance Program in order that it can provide continued support for special needs children in need of permanent homes.

However, the Child Welfare League of America opposes the Administration's proposal to reduce to $200 million the level of Title IV-B Child Welfare Services appropriations needed to "trigger" an automatic cap on the Title IV-E Foster Care program. The foster care program is currently an open-ended entitlement program, available to children who meet several eligibility criteria, one of which is based on Title IV-A Aid to Families with Dependent Children (AFDC) eligibility. These children then are "needy" on several counts: their family's income meets poverty guidelines; they have been determined to be deprived of parental support; and, they are without homes. The Child Welfare League of America strongly ges that the Title IV-E Foster Care Program remain an open-ended entitlement program and urges this Subcommittee to reject the Administration's proposed savings in this program based on any such legislative efforts.

In addition, we would like to call your attention to a program which was recently authorized under the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272) as an extension of the existing Title IV-E Foster Care Program -- the Independent Living Program. The authorization provides for $45 million in FY 1987 to enable States to establish transitional independent living programs for adolescents "aging out" of the foster care system. Once the federal or state subsidy is terminated, often as early as age 18, these youngsters quite literally have no where to go. Many end up as part of the homeless population, or on public assistance, or worse, as part of the prison population. If funded, this program will provide such transitional services as enabling participants to seek a high school diploma or its equivalent; making referral to vocational training; helping in locating and maintaining housing; and providing outreach.

Latest (1984) national estimates are that approximately 50,000 foster care youth, between the ages of 16 and 20, would benefit from this program. The Child Welfare League of America, therefore, strongly urges this Subcommittee to recommend full funding of $45 million for the Title IV-E Foster Care Independent Living Program.

Title XX Social Services Block Grant is the primary source of federal assistance for a variety of social services including, for example, child protective services, intensive home-based services, child day care and respite care. The Administration proposes to fund Title XX at its current (pre-Gramm-Rudman) level of $2.7 billion but with the additional burden of providing needed services now furnished under the Community Services Block Grant (CSBG), the Work Incentive Program (WIN) and Legal Services Corporation (LSC), all of which are proposed for elimination in FY 1987. The Child Welfare League of America strongly opposes the Administration's proposals and adamantly disagrees with the assumption that the Title XX Social Services Block Grant duplicates the functions of CSBG, WIN or LSC. We are further opposed to the elimination of and urge full funding for these programs, each of which addresses specific and unique problem areas for low-income families and their children.

Adoption Opportunities (Title II of the Child Abuse Prevention and Treatment Act) is a program which provides funding to support activities aimed at eliminating barriers for the adoption of special needs children. An example of such efforts includes the funding of the National Adoption Exchange which provides a national photo-listing service of children who are available and waiting to be placed in order that permanent families might be identified.

The Administration proposes to fund this program at $1.4 million in FY 1987, far below its authorized level of $5 million. In FY 1986, this Subcommittee recommended the full funding for this program in order that targeted efforts might be made to find homes for special needs minority children. Because the Administration proposed rescinding $3.4 million of the enacted FY 1986 appropriated funds, those monies have not yet been spent and many children still remain waiting for permanent homes. According to recent HHS figures, approximately 36,000 special needs children are available and waiting to be placed in adoptive homes. Of this number 42% are minority and 37% are handicapped. The median age is 12 and 68% have been in foster care for 2 or more years. The Child Welfare League of America strongly believes that the FY 1986 appropriation of $5 million is necessary along with the fully authorized level of $5 million in FY 1987 in order that permanent homes be found for all of the 36,000 waiting special needs children.

The Child Abuse Prevention and Treatment Act (P.L. 93-247) provides financial assistance for research and demonstration programs as well as grants to States for the purpose of implementing child abuse and neglect prevention and treatment programs. The Administration as proposed consolidating this program with two other programs: The Family Violence Program and the Federal Challenge Grant/Children's Trust Fund Program, at $30.5 million -- far below the combined FY 1987 authorized levels for these programs. The Child Welfare League of America strongly opposes the Administration's proposal to consolidate the Child Abuse Prevention and Treatment Act and urges this Subcommittee not only to reject this proposal but to strengthen this program by funding it at its authorized level of $43 million.

The need for strengthening this program is underscored by a recent Child Welfare League report titled, "Too Young To Run" which found that from 1983 to 1984, reports of child abuse and neglect increased by 16% nationally and reports of child sexual abuse increased by 59%. Furthermore, as these reports increased, resources such as staff and services, either clined or stayed at the same level. As a result, States were forced to prioritize child abuse and neglect reports based on administrative needs rather than the needs of children. For example: neglect reports now receive a lower priority (despite the fact that neglect accounts for the largest number of fatalities); reports of older children, often defined as young as 11, are having to wait sometimes up to two weeks for investigation; and, many cases which could be more appropriately treated in the home result in out-of-home placement, due to the lack of home-based support services. The needs of children must not continue to be given second priority to administrative needs. Therefore, we urge the full funding of the Child Abuse Prevention and Treatment Act.

There are many other important programs for children that deserve attention but which me does not allow us to detail. However, in brief:

The Child Welfare League of America urges this Subcommittee to reject the Administration's proposal to consolidate the Family Planning and Population Research Act (Title X of the Public Health Services Act) along with three other health programs into a Primary Health Care Block Grant. CWLA recommends the continuation of this as a categorical program at the full authorized level of $170 million for FY 1987. Studies have shown that each dollar spent for family planning is estimated to yield a minimum saving of two dollars in health and welfare costs incurred as a result of unintended pregnancies. These savings are even greater among teens due to the fact that teenage pregnancy is typically problematical medically.

The Child Welfare League of America urges this Subcommittee to reject the Administration's proposal to fund State grants for the Education For All Handicapped Children Program (P.L. 94-142) by $80 million below the enacted FY 1986 appropriated level. CWLA recommends a funding level of $1.45 billion for the basic State Grant Program in FY 1987. Despite an overall drop in school enrollment, handicapped children needing services are increasing by 40,000 a year. Without adequate Federal support, local school districts are reluctant to incur higher costs for special education services. Funding at $1.45 billion would raise the per pupil expenditure from 10% in FY 1986 to 12% in FY 1987 and maintain basic services to our most vulnerable children.

The Child Welfare League of America recommends that this Subcommittee reject the Administration's proposal to decrease funding for Head Start by $11 million below enacted FY 1986 appropriated levels. CWLA recommends an appropriation of $1.2 billion for FY 1987 which would allow for a modest growth in the number of children served. Currently, Head Start serves only one of five eligible children; yet, it has proven to be one of our most important tools in breaking the cycle of poverty. According to the 1984 High Scope Foundation research, twenty years later, children who participated in Head Start evidenced fewer high school drop-outs; more high school graduates; fewer births out of wedlock; lower unemployment; and, higher incomes than similar individuals who did not participate.

The Child Welfare League of America urges this Subcommittee to reject the Administration's proposal to consolidate the Family Violence Program (Title III of the Child Abuse Prevention and Treatment Act) and the Federal Challenge Grant Program into a new Family Crisis and Protective Services Program. CWLA believes that The Family Violence Program should be funded at $12 million in FY 1987 and should remain targeted on family violence, given that 2 million women per year are reported as battered, this has resulted in increased need for a system of prevention, shelters and counseling, none of which would be specifically required under the consolidation proposal. The Federal Challenge Grant Program/Children's Trust Fund is a program which encourages States to develop their own funding mechanism for child abuse prevention activities, a critical element in reducing overall levels of child abuse and neglect. Since 1980, 34 States have enacted Children's Trust Funds which helped free up funds for the provision of treatment services. CWLA recommends the continuation of this categorical program at $5 million for FY 1987.

For these programs and others, on behalf of America's children, we need more, not less investment. We appreciate this Subcommittee's past support of these programs, especially over the last several years, and look forward your continuing support.

STATEMENT OF ELOISE ELLIS, MEMBER, AMERICAN ASSOCIATION OF RETIRED PERSONS

Senator CHILES. Our next witness is Eloise Ellis, member, American Association of Retired Persons [AARP].

Ms. ELLIS. Thank you, Mr. Chairman.

My name is Eloise Ellis. I am a part-time nurse at the Greater Southeast Community Center for the Aged, and on behalf of the American Association of Retired Persons, thank you for this opportunity to testify concerning fiscal year 1987 funding for programs under this subcommittee's jurisdiction. Our testimony will focus primarily upon programs serving older Americans.

Despite growth in demand for services from virtually all of these programs, we are recommending only current year funding levels for most of them in view of continued severe budget constraints.

First, the association recommends a freeze in funding for the Older Americans Act programs at the fiscal year 1986 levels, prior to the 4.3-percent automatic spending reduction under the Gramm-Rudman-Hollings balanced budget amendment. This amounts to $701.6 million.

The recommended level matches the administration's funding request for the Older Americans Act activities, with the exception of the title IV Research, Training, and Demonstration Program. The administration requests $12.5 million for title IV, and we urge the subcommittee to reject this proposal and fund title IV activities at $25 million as was appropriated in fiscal year 1986.

The modest Federal investment in title IV to date has yielded impressive results, including such innovative programs as the nutrition program for the elderly, Foster Grandparents, the Retired Senior Volunteer Program, legal services, and improved services to minority older Americans.

Second, we urge that the title V, Senior Community Services Employment Program, be funded at $326 million, the same amount as recommended by the administration. This also equals the fiscal year 1986 congressional appropriation prior to sequestration. A $326 million funding level would restore 2,832 positions for title V which were cut by the automatic spending reduction. In all, this amount would provide employment opportunities for 63,784 low-income older Americans, enabling them to help themselves while helping others in their communities.

Third, AARP supports funding of the Low-Income Home Energy Assistance Program at the fiscal year 1986 level of $2.1 billion, the same level proposed by the administration. LIHEAP is extremely important to older Americans who are especially vulnerable to heat stroke and hypothermia, and who spend more of their income on home fuel bills than do younger people. Low-income households spent some 20 percent of their income on home energy in 1981, while high-income households spent only 3 to 4 percent.

Fourth, the association recommends that the social service block grant [SSBG] be funded at no less than the current level of $2.7 billion. SSBG provides critically important services such as homemaker/home chore services, home-delivered meals, and transportation, that help older Americans and others to maintain their independence and avoid inappropriate placement in a nursing home.

Other funded services aim to prevent or remedy abuse and exploitation of both older Americans, older adults, and children.

Fifth, the association supports fiscal year 1987 funding of the community service block grant at this year's level of $368 million. CSBG funds are frequently used to support the administration of other Federal programs such as the weatherization program, that could not otherwise fulfill their mission.

Also CSBG funded information referral and outreach services make many homebound and isolated older persons with life sustaining programs like emergency food and energy assistance.

Finally, AARP urges that adequate funding be approved for administrative expense reimbursement to Medicare carriers and intermediaries. Inadequate funding creates delays in the processing of claims, and ultimately hardship for beneficiaries.

In conclusion, AARP appreciates the subcommittee's careful consideration of these recommendations, and stands ready to work closely with members of the committee and staff as you proceed toward markup of the bill for fiscal year 1987.

Thank you.

Senator WEICKER [presiding]. Senator Chiles.

Senator CHILES. I think that the areas that you are talking about are areas that we are interested in, and it is good to have your testimony on that.

Senator WEICKER. Eloise, I would like to sort of query and also comment in the hopes that you might take a message back to the members of the Association of Retired Persons. I am going to say now what I have said many times during the course of these hearings. Now I have someone from the AARP, and I certainly recognize the credible and valid role that your organization plays in representing the elderly of this Nation.

When Gramm-Rudman was devised, and Social Security was exempted, sending a message to the elderly of the United States that everything is OK. I can't think of anything more disastrous to the quality of life of the elderly of the United States. In order to achieve that exemption, the National Institute on Aging was cut, geriatric grants to the medical schools were cut, housing for elderly was cut. I can go down the list, Alzheimer's disease medical trials were cut.

If the definition of quality of life in the United States is to pick up a Social Security check, fine and dandy. If, on the other hand, it includes all of the other necessities of life, one's health being in the forefront, believe me, the elderly of the United States were not well served by Social Security being exempted under Gramm-Rudman.

I don't know, and if AARP does not get across the message as to what these budgets are doing to them, I don't know who is going to do that job. You people have got to get that message across, and that is why I am glad to have this opportunity of having you before me in the sense of alerting the elderly population of this country as to what these budgets mean insofar as their quality of life is concerned.

Ms. ELLIS. Your message will be taken back.

Senator WEICKER. Thank you very much, and thank you for your testimony.

Mr. MARSHALL. Mr. Chairman, my name is Scott Marshall. Could I respond briefly for the record?

Senator WEICKER. Of course, you can.

Mr. MARSHALL. Our organization is extremely concerned about the deficit situation in this country, and we are working very, very hard to find ways of increasing revenues so that programs, such as the one that Ms. Ellis testified about today, will not be cut.

I certainly note your remarks, and I want you to be aware that the matter of the Social Security exemption was a matter that we had to consider very, very carefully. It was not something that we had requested during the Gramm-Rudman process.

Senator WEICKER. Scott, I appreciate your comments. Look, your job certainly is to fight for that constituency, and no one is saying that Social Security is not an important part of it. I just worry about the fact that with that in hand, your constituency is going to say that everything is OK.

When I see the statistics of what is coming over the hill in terms of an aging population, over 65, over 75, over 80, and all this doubling and tripling and quadrupling within a matter of two decades, and then I see the funds being cut to supply the doctors, to do the research on the various illnesses, et cetera. I have a hard enough time out here speaking just for holding the line against an impending problem that you are aware of better than anybody else, and for which no preparation is being made whatsoever in terms of personnel or programs. That is what worries me. Naturally, I would expect you to speak up for the elderly on the matter of Social Security.

It is not the fact that you spoke up on it, it is the fact that, all of my congressional colleagues included, everybody thinks that it takes care of the problem. Everybody knows about Social Security. Everybody knows about that. Nobody knows about the National Institute on Aging. Nobody knows about the geriatric grants to the medical schools. Nobody knows about the clinical trials. These are the easy things to give up because nobody knows about them, so there is no political forum.

Yet, we know that the out-year costs of that are going to be spectacular unless that thing is remedied within the next year or so.

I admit, I cannot do the job, either from out of the Chair or from the sense of the correctness of the cause. I need grassroot support on these matters, and nobody is better qualified to give that than your organization.

Mr. MARSHALL. Thank you, Senator, your message is well taken.

PREPARED STATEMENTS

Senator WEICKER. Ms. Ellis, your statement will be included in the record at this point along with other statements for the record on appropriations for human development and community services programs.

[The statements follow:]

STATEMENT OF ELOISE ELLIS

On behalf of the 22 million members of the American Association of Retired Persons thank you for this opportunity to testify concerning FY 1987 funding for programs under this Subcommittee's jurisdiction. Our testimony will focus primarily upon Titles III, IV, and V of the Older Americans Act, the Low Income Home Energy Assistance Program, the Social Services Block Grant Program, and the Community Services Block Grant. Although demand for services under these worthwhile programs continues to grow, we recommend that funding for FY 1987 should remain at FY 1986 levels, prior to the 4.3 percent automatic spending reduction authorized by the Gramm-Rudman-Hollings Balanced Budget amendment. In addition, we also recommend to the Subcommittee that adequate funding for claims administration expenses under Medicare is necessary in order to avoid hardship to beneficiaries.

A. Older Americans Act/Administration on Aging

The Association recommends a freeze in funding for Older Americans Act programs at the fiscal year 1986 levels, without regard to the 4.3 percent automatic spending reduction under the Gramm-Rudman-Hollings Balanced Budget amendment. This would effectively fund Older Americans Act programs at $701.6 million: the Federal Council on the Aging, $200,000; supportive services and senior centers, $265 million; congregate meals, $336 million; home-delivered meals, $67.9 million; research, training, and demonstration projects, $25 million, and grants to Indian tribes, $7.5 million.

These amounts match the Administration's funding request for AoA/Older Americans Act activities, with the exception of the Title IV research, training, and demonstration program. The Administration requests $12.5 million for Title IV. We urge the Subcommittee to reject this proposal and fund Older Americans Act research, training and demonstration activities at $25 million as was appropriated in FY 1986.

Funding for Title IV has yielded impressive results, despite a modest investment. Some of the most innovative and effective programs in the field of aging have evolved from Older Americans Act demonstrations, including the nutrition program for the elderly, Foster Grandparents, the Retired Senior Volunteer Program, educational television activities, legal services, student training, and improvement of services to minority older persons.

Today, many aged persons are able to live independently in their own homes because of Title III supportive services. The congregate meals program, for example, provides more than just a nutritious meal. It also offers an opportunity for older Americans to meet and talk with others. Moreover, the home-delivered meals program has enabled many older Americans to live independently in their homes, rather than be placed in a nursing home at a much higher public cost.

B. Senior Community Service Employment Program

We further urge that the Title V Senior Community Service Employment Program be funded at $326 million, the same amount as the Administration recommendation for fiscal year 1987. This also equals the fiscal year 1986 congressional appropriation without regard to the 4.3 percent reduction under the sequestration order.

A $326 million funding level would restore 2,832 positions for Title V, which were cut under the automatic spending reduction. The effect is to provide employment opportunities for 63,784 low-income older Americans in a wide range of useful activities. This takes on added importance now because unemployment jumped by 11 percent for persons 55 or older, from 576,000 in January to 638,000 in March, 1986. Moreover, the number of persons 55 or older in the civilian labor force has declined by 235,000 during the past year, from 15,023,000 in March 1985 to 14,788,000 in March 1986. In marked contrast, the number of individuals 16 to 54 years old in the civilian labor force grew by 2,107,000 during that same period, from 100,312,000 in March 1985 to 102,419,000 in March 1986.

The Senior Community Service Employment Program has been extraordinarily effective for our nation, the older participants, and the communities they serve. The essence of the program is to enable low-income older Americans to help themselves while helping others in their communities.

C. Low Income Home Energy Assistance Program (LIHEAP)

AARP supports funding of the Low Income Home Energy Assistance Program at the FY 1986 level of $2.1 billion, the same level proposed by the Administration. LIHEAP is extremely important to older Americans, who are especially vulnerable to heat stroke and hypothermia. Older consumers spend a higher percentage of their income on home energy than younger people, and those with low incomes must spend disproportionately. Low income households spent some 20% of their income on home energy in 1981, while high income households spent only 3-4 percent.

LIHEAP paid a portion of the heating bills for some 6.8 million households in FY 1985, an estimated 40% of which contained at least one elderly person. Even so, less than a third of all households who are eligible to participate in LIHEAP actually receive benefits, primarily due to chronically inadequate funding. Many states have had to turn away individuals who requested assistance because the program had closed down early with funds exhausted. Thus despite the recent decline in oil prices, the need for energy assistance among low income families remains substantial.

D. Social Services Block Grant (SSBG)

The Association supports funding of the Social Services Block Grant at no less than the current level of $2.7 billion. SSBG provides critically important services that help low income older Americans and others maintain their independence and avoid inappropriate institutionalization. Among services funded by SSBG that keep individuals in their homes as long as possible are homemaker/home chore services, home-delivered meals, and transportation. Adult day care and protective services, also funded by the grant, are designed to prevent or remedy abuse and exploitation of both older adults and children.

The need for social services is expanding as the elderly population grows. Demand has accelerated with the early release of patients from hospitals under the Diagnosis Related Group (DRG) system. If essential services are not available in the community to support such patients upon their discharge from hospitals or skilled nursing care facilities, it is inevitable that greater costs lie ahead.

E. Community Services Block Grant (CSBG)

The Association recommends that the Community Services Block Grant, funded at $368 million this year, be continued at the same level in FY 1987. A GAO study recently found that CSBG funds are used for both services and administration, frequently supporting the administration of other federal programs that could not otherwise fulfill their missions. For instance, the Federal Weatherization Assistance Program has a five percent cap on spending for administration; CSBG funds cover remaining costs.

Services funded by CSBG likewise tend to support other services and often make access to them possible. Without information, referral and outreach -- which represent the most common CSBG-funded activities -- many homebound or isolated older persons would be unaware that emergency food or energy assistance is available in certain areas. Also, transportation funded by CSBG may be the only link between older adults in remote areas and needed medical care. In most cases, according to the GAO, CSBG-funded services complement, rather than duplicate, those supported by the Social Services Block Grant.

F. Medicare Contractor Funding

AARP urges this Subcommittee to approve adequate funding for administrative expense reimbursement to Medicare carriers and intermediaries. Adequate funding is necessary in order to assure expedient and efficient service in the administration of the Medicare program.

Medicare intermediaries and carriers are being placed into a Catch-22 situation. Their funds have been reduced due to the first Gramm-Rudman sequestration; at the same time, the volume of claims for processing and the number of administrative changes in Medicare have been growing. A continuation of inadequate intermediary and carrier funding will produce several problems. First, inadequate funding will create further delays in processing payments for physicians, suppliers, and beneficiaries. The average claims processing time is already increasing dramatically due to recent HCFA directives to create larger claim backlogs. Such delays, if they are allowed to continue, will become a significant disincentive to providers' decision to accept Medicare assignment. If assignment rates drop, beneficiaries will face increased out-of-pocket charges for physician care.

Second, inadequate contractor funding reduces the carrier's ability to perform quality utilization review, a situation which could result in more payment errors and higher costs.

Third, inadequate funding causes services to beneficiaries such as toll-free telephone lines to be curtailed or eliminated.

CONCLUSION

AARP appreciates the Subcommittee's careful consideration of these recommendations and stands ready to work closely with members and staff as you proceed toward markup of a bill for FY 1987.

STATEMENT OF CHRIST PETROULEAS, CHAIR, NATIONAL COLLEGIATE ATHLETIC ASSOCIATION

Mr. Chairman and members of the Subcommittee, my name is Christ Petrouleas. I am the Chairman of the National Collegiate Athletic Association's National Youth Sports Program Committee. I have been involved with the program since 1969 and have served on the national committee for six years. I appreciate this opportunity to submit this statement in support of an appropriation of $6.13 million for the FY 1987 NYSP.

We recognize that this is a year in which budget constraints are, once again, severe. Yet we believe that the NYSP deserves your continued support. The need for the program continues because of the persistence of urban and rural poverty and because of cutbacks in and eliminations of other programs serving disadvantaged youth. The NYSP is a high-quality program which makes effective use of federal dollars in providing vitally needed services.

During the long, hot summer the NYSP gives more than 55,000 disadvantaged boys and girls, ages 10-16, a chance to participate in organized athletic and educational activities in the setting of nearby college campuses. Programs in 1985 operated at 141 sites in 45 states and 122 cities. Through sports instruction and competition, young people learn about their human potential; through this exposure to the educational component of the program, they learn to broaden that potential.

From its beginning in 1969, the NYSP has made a special effort to target "high risk" youth for participation in the program because those children are the ones most likely to benefit from educational and enrichment component. Projects in Detroit, Chicago and Baton Rouge, for example, ask school principals, probation officers and youth home directors for help in identifying individual youngsters who should be encouraged to participate. There is concrete evidence that this approach is working: police officials in Los Angeles, Denver and Dayton, for example, have acknowledged reductions in gang activity and other disturbances, as a result of the NYSP projects in those communities.

Our funding request for the NYSP is the same as it was for the last two years and substantially the same as it has been since 1976, when the funding was $6.0 million. However, despite the relatively flat federal funding level, the program has grown over the years and continues to provide high-quality services to program participants. We have been able to do this because the NCAA has actively sought assistance from state and local governments and from the private sector for the NYSP. In 1985, the federal funds were matched on nearly a two-to-one basis by funds from these other sources.

In fact, voluntarism has been the key to the NYSP's success. In 1985, the NCAA expended an estimated $310,000 of its own funds for NYSP management and we expect that it will spend about $326,000 in 1986. In last summer's program, the 141 participating institutions provided facilities, equipment and services valued at more than $8.3 million. Businesses and state and local governments contributed an additional $2.4 million. For the 1986 program, the Spalding Corporation is expected to make a grant of $105,000 to be used for the purchase of T-shirts for project participants, and to contribute basketballs for every project; the NCAA identified additional corporate sponsors whose donations will benefit the program. Locally, many institutions receive support from area businesses in the form of grants, equipment and clothing or project awards.

No Federal funds are allocated to the NCAA or individual institutions for administration of the grant. The NCAA donates its assistance as the administrator of the NYSP. Ruth M. Berkey, NCAA Assistant Executive Director, serves as National Program Director and she is assisted by others on the NCAA staff. Policy decisions are made by the NYSP Committee, which is composed of five representatives from NCAA members or allied institutions and three ex-officio members representing the Federal government. Members of the Committee volunteer their services.

This unique combination of voluntarism and federal, state, local and private funding assistance allows the NYSP to provide a variety of valuable services. The highly trained staff at each project (typically serving about 400 youngsters) conducts a rigorous program of sports skill instruction and competition in a minimum of least three major sports for each participant. Instruction from college and high school coaches and collegiate athletes is available and the participant-staff ratio of about 15 to 1 ensure each youngster personal contact with people who can serve as positive role models.

The NYSP also provides an enrichment program in recognition of its philosophy that body and mind must be nurtured together. A central part of that program is counseling in drug and alcohol abuse prevention. In addition, participants are instructed in career and educational opportunities, job responsibilities, personal health and nutritional practices. Institutions are encouraged to offer additional enrichment programs and to have unique offerings which draw upon the outstanding educational and cultural resources available on the college campus and the surrounding communities.

Another program benefit is the free medical examination each NYSP student receives before participating in the program. Efforts are made to secure medical services for free or at a nominal cost to the program. Appropriate follow-up treatment is provided for all identified medical problems. Each participant is entitled to receive free medical treatment for injuries sustained while participating in the project. All projects employ a trained medical coordinator to oversee medical services. Each participant also receives a daily USDA-approved meal and snack. Eligible institutions receive USDA assistance for this purpose.

Besides these direct benefits to participants, the program provides important collateral benefits. For example, the NYSP makes an important contribution to better relations in the communities it serves. NYSP participants from the poor neighborhoods surrounding many of our urban universities make their first visit on campus as project enrollees; some participants later attend those same institutions. The NYSP provides summer employment for many residents of poverty target areas. Thus, in a highly visible way, the institutions sponsoring NYSP projects are able to give something to their communities.

In addition, and more importantly, the program motivates and teaches young people to reach for and to achieve high goals. Team sports teach discipline and help to satisfy young people's urge to belong. Active participation helps them to turn away from destructive behavior patterns and to concentrate their energies on constructive efforts. By teaching and reinforcing traditional values and skills, the NYSP seeks to build self-esteem and promote the overall development of each participant.

We work each year to improve the program and its management. In 1984, the NYSP Committee completely reviewed and revised the NYSP guidelines, operations manual and financial reporting system. Implementations of these changes and on-going quality and fiscal review took place in 1985. All projects also receive an annual review, which includes an on-site review and written evaluation. Financial reporting is monitored with a program of sample auditing. Institutions in need of management help are provided technical assistance and all new participating institutions receive on-site technical advice. Institutions unable to meet the NYSP's high standards are culled out and replaced by others better able to perform the mission.

This year, the NYSP will have behind it the NCAA's 17 years of experience in NYSP administration and 80 successful years of athletics administration. NCAA members and other institutions of higher learning provide to the NYSP some of the finest athletic facilities in the world. We know of no other organization that can mobilize the quantity or quality of resources applied to this program.

We are all acquainted with the severe budgetary pressures the Congress is confronting. Many programs formerly available for young people in the summer months have been reduced in scope or have disappeared entirely. The need for effective programs, such as the NYSP, thus becomes more critical each year. In the past, Congress has been generous with assistance to this program. On behalf of the children who have participated in the NYSP and on behalf of the NCAA, I extend our sincere thanks and ask that you recommend an appropriation of $6.13 million for the National Youth Sports Program.

STATEMENT OF HARRY P. CAIN, ADMINISTRATOR, FEDERAL PROGRAMS DIVISION, BLUE CROSS AND BLUE SHIELD ASSOCIATION

Senator WEICKER. The next witness that we have is Harry Cain, administrator of Federal Programs Division of the Blue Cross and Blue Shield Association.

Mr. CAIN. Thank you, Mr. Chairman.

I am Harry Cain representing Blue Cross and Blue Shield plans that serve as Medicare contractors. You have a copy of our statement.

Senator WEICKER. I have your statement, and it will be included in the record in its entirety.

Mr. CAIN. We have a serious problem in this program, and I would like to point to the essence of it by showing you three charts, if my colleague will set these charts up here.

Here is what has happened to claims in this program since fiscal year 1984. It grows from 278 to a very conservative guess of 380 in 1987. At the same time, here is the amount of funding that has gone into trying to process all of those claims.

You can imagine that with that kind of a growth in claims volume, the funding for the processing has shrunk. What has happened, and I will show you. What you see here are claims which are received, but which are not processed. At any point in time, the contractors have maybe 5 or 6 million claims which have just been received and haven't yet been processed.

Here is the point in fiscal year 1983 when the adequacy of the support for claims processing began to fall. What we see here in fiscal year 1986, if you confine part A and part B, we have about 20 million claims on hand which haven't been processed.

If you take that and chart on out to fiscal 1987, and you provide the amount of appropriations suggested by the President's request, that problem will become substantially worse. There are many more details that we could call to your attention, but what I have just shown in those charts is really the heart of the problem.

The contractors are not now processing the claims that are being received, and the problem is getting severely worse. We, therefore, are suggesting the Congress to appropriate about $140 million than was asked for by the President, and we are going one step beyond that which hasn't happened before, we are asking that a specific amount be set aside just to process the claims because we are concerned that otherwise that problem will become even more severe.

Senator WEICKER. Senator Chiles.

Senator CHILES. Mr. Cain, I can appreciate your assessment of the quality of the contractor services to the providers and beneficiaries are beginning to deteriorate. Last year, my offices were getting about 15 to 20 complaints about payment times for Medicare claims, and we got about that over the years. We are now getting more than that a week every week.

I don't think that we have a unique situation in Florida; do we?

Mr. Cain. No; you don't.

Senator Chiles. What you are telling us is happening here.

Mr. Cain. That is exactly right.

Senator Chiles. You are telling us that the only way we can improve that situation for the remainder of the year is if there are more funds put in now in the processing of these claims.

Mr. Cain. Yes, sir.

Senator Chiles. I see that in their request for next year, the administration is asking for a contingency fund of $50 million. By the way, you have a contingency fund now of $17 million. Have any of those funds been released, have you asked for some help?

Mr. Cain. We have asked, and we know that this is being given serious consideration, but it hasn't happened. The funds are still sitting somewhere.

Senator Chiles. If it was all released now, would that cut down the backlog that we have out there?

Mr. Cain. It would surely help, although I must call your attention to something else that has happened in the last year, in part caused by the cuts falling under the heading of Gramm-Rudman, this problem became worse, but as the Health Care Financing Administration [HCFA] began to consider that problem, they began to change their view of how fast claims should be paid.

It is possible that if we had all the funds required to process the claims, that we would still be held up from actually issuing the checks. If that happens, and if that is seriously being discussed by HCFA, I am afraid the complaints that you are hearing wouldn't end.

We could have processed the claims, but if the check hasn't been actually sent out, your constituents will still have a problem.

Senator Chiles. I see that in the request for next year, the administration is asking for a contingency fund of $50 million. Can't the intermediary carriers not plan and budget better than that, or do you feel that an amount like we have put in this year for the contingency is sufficient?

Mr. Cain. I think that we can plan more accurately than that large figure requires. You always have to have some, because you can't ever predict exactly what the claims volume will be, but I would guess that the amount that you provided for fiscal year 1986 would suffice if the appropriation itself were adequate.

Senator Chiles. Mr. Chairman, it appears to me that HCFA is using the contingency fund to slow down the claims processing for Medicare literally as a deferral of an entitlement program. They don't want to send a deferral of an entitlement because they know that there is no way that we are going to do that, so I think that they have hit upon an idea that you simply squeeze the money that is going to process these claims, and you delay the claim processing time, which used to be about 9 days, I understand HCFA is now telling the contractors to delay by 18 days, and next year to go to a 30-day delay. They are saying that this is proper accounting, the way that you just don't pay your bills.

It seems to me that we know who ends up losing from that, and that is the claimants. I am becoming increasingly concerned by two factors. First, the hardship that we are causing the beneficiaries by the payment slowdown; and, second, the problem that we are building for the future by putting off payment of the claims in a timely fashion.

According to your figures, you anticipate that you will push about $2.3 billion that would have been paid this year into next year under present operating circumstances, as I understand it.

Mr. CAIN. Yes, sir; I think that this is correct.

Senator CHILES. That is almost twice the amount that you had on hand and not paid in 1985. Is this balloon that you are currently describing growing, and is it going to continue to expand, or can you see that you will be able to catch it up next year?

Mr. CAIN. I think that that depends a great deal on how much is appropriated for this job, and whether or not the administration continues along that line of new public policy, requiring us to hold up on the claims payment. It is really a very simple problem to solve if you provide adequate funds.

Senator CHILES. I remember that we had problems, and we jumped on the Government because they were not paying defense contractors. They were letting them wait for a long period of time, and other contractors that they were doing business with. To my knowledge, it has been a deliberate policy of the Government to not pay claims in Medicare, and if we are going to lean on them for 30 days now, and they are talking about that as a policy that we are going to hold these claims for 30 days. Again, what we are doing, we are building this balloon of carryover, because doubling it this year is $2.3 billion. If we are going from 18 to 30 days, you can imagine how much bigger the balloon will be next year. I imagine that it is going to be tough for the next administration, whoever it is, to be carrying again this kind of balloon in payments.

I don't think that this is a public policy decision that Congress has participated in at this time, but if we don't do something about it, I guess we will be participating.

Senator WEICKER. At the very least, your comments, in which I join, should be directed to the proper entities in the administration.

Senator CHILES. Yes.

PREPARED STATEMENTS

Senator WEICKER. Thank you very much. Your statement will be entered into the record at this point along with other statements for the record on the Health Care Financing Administration.

Mr. CAIN. Thank you, Mr. Chairman.

[The statements follow:]

STATEMENT OF HARRY P. CAIN

Mr. Chairman and members of the Subcommittee, I am Harry Cain, Administrator of the Federal Programs Division of the Blue Cross and Blue Shield Association, the national coordinating organization for all Blue Cross and Blue Shield Plans. The Blue Cross and Blue Shield organization has been deeply involved in Medicare since the program's beginning 20 years ago. Under contracts with the Health Care Financing Administration, our Association and member Plans serve as Medicare intermediaries and carriers responsible for much of the day-to-day administration of this important program.

We appreciate the opportunity to appear before you on the subject of the Administration's FY 1987 budget request for Medicare contractor functions. This Subcommittee has long supported the idea that a strong administrative system is necessary to assure that the Medicare program achieves its objectives. During the last few years this Subcommittee has taken the lead in providing adequate funding for Medicare contractor activities. This support has been an important factor contributing to the successful implementation of numerous program changes and to the historically high level of service contractors have provided to beneficiaries.

The Medicare intermediary and carrier contractor structure has served the program and its beneficiaries well over the last 20 years. Medicare contractors' administrative costs, expressed as a percentage of benefit payments, have long been extremely low. They now represent about 1.3% of total Medicare expenditures and are continuing to decline. Medicare administrative costs have also declined significantly on a per claim basis. For example in FY 1978, the average cost of processing a claim was $4.06 for Part A and $2.84 for Part B. For FY 1986, HCFA estimates that unit processing costs will be $2.00 for Part A and $1.76 for Part

B. Although we believe that as a result of Gramm-Rudman-Hollings reductions and other factors the FY 1986 levels are too low, we would note that the funding level originally appropriated by the Congress for FY 1986 would also have shown a significant decline from prior unit cost figures. We know of no other longstanding government contracting arrangement that rivals this level of efficiency.

In addition to its efficiency gains, the contractor system has also been effective at controlling Medicare benefit payments; responding to and dealing with beneficiaries and providers; and implementing complex legislative, regulatory, and administrative policy changes, all while coping with an ever growing volume of claims.

Severe funding restrictions for FY 1986, current budget and administrative priorities, and the prospects for inadequate funding for FY 1987 seriously threaten the continuation of this record of success. In particular, we are now seeing a deterioration in contractors' ability to provide quality service and timely processing of claims and bills. This has also been noted by the General Accounting Office in a recent report entitled "Medicare: Existing Contracting Authority Can Provide for Effective Program Administration."

The Administration's FY 1987 Budget Request

In our view, the Administration's FY 1987 budget request for Medicare contractors of $957 million plus a $50 million contingency fund is inadequate to meet the needs of the program. In fact, the amount requested for expected workloads is $6.7 million less than Congress considered adequate for the current year in the FY 1986 appropriation, yet the contractors will process more than thirty million additional claims in FY 1987, and inflation will increase contractor input costs. The Blue Cross and Blue Shield Association recommends a total funding level of $1.147 billion. Of this amount, we recommend that $602 million be specifically earmarked for claims payment and $244 million for program safeguards. At this funding level contractors should be able to clear up the large backlog of claims that will exist at the beginning of FY 1987 and process the 382 million new claims that will come in next year. At our recommended budget level contractors would also achieve greater paybacks in terms of benefit dollars saved than would be achieved under the Administration's budget request.

We have also developed estimates of the funding we believe would be necessary to achieve other levels of service.

Background

The Health Care Financing Administration (HCFA) divides the contractor function into four categories: program safeguards, claims processing, beneficiary and provider services, and productivity investments. Of these four categories, two -- program safeguards and claims processing -- comprise 85 percent of the total contractor budget.

The program safeguard category includes such functions as audit, medical and utilization review, and assuring that Medicare is the "secondary" payer whenever some other payer should be primary. Over the last several years, those program safeguard activities have received a reasonable level of funding and the results have been rewarding. HCFA estimates savings from these activities alone will exceed $1.7 billion in FY 1987. The payback ratios, in terms of benefit dollars saved versus administrative dollars spent, have ranged from 5:1 to 30:1 based on the type of activity performed. We believe that more funds can be effectively spent in these safeguard functions in FY 1987 than the Administration has requested, and our attached budget breakdown provides the specific numbers.

The other major category of contractor functions--claims processing--includes those activities necessary to process and pay promptly and accurately claims for Medicare covered services. The contractors' major challenges are to assure that the claims forms are understood and properly submitted, and then to run those claims through a myriad of screens and edits--both automated and manual--to assure that the services are covered and that the charges are reasonable. We perform these functions in accord with applicable law, regulations and detailed operating instructions issued by HCFA. These claims processing functions have demonstrated their value over the years by returning about $8 in benefit savings for every dollar spent on them. HCFA estimates savings from claims processing activities will exceed $8 billion in FY 1987. We are also proud to point out that while the function has become more and more complex we have steadily dropped the administrative costs per claim. Claims processing also provides the foundation for all the other program safeguard activities.

The amounts requested and allocated by the Administration to fund the major component of this critical function -- claims/bill payment -- have not kept pace with the increasing workload and the added complexities of the claims processing operation. Some key figures:

	FY 84	FY 85	FY 86	FY 87
TOTAL CLAIMS/BILLS WORKLOAD(in millions)	278.2	312.9	343.5	382.1
HCFA PROPOSED CONTRACTOR FUNDING FOR CLAIMS PAYMENT (in millions)	$566.4	$501.0	$508.2	$522.3

This table shows that during the FY 1984-FY 1987 timeframe claims volume has increased 37.4 percent while HCFA actual and proposed funding for claims payment has decreased by 7.8 percent. While productivity gains certainly can be expected in this area, the current state-of-the-art does not permit the achievement of gains of this magnitude.

Beneficiary and provider services represents the third category of contractor functions. This category includes the funding necessary for contractors to conduct hearings and reconsiderations for beneficiary and provider appeals; to respond to over 20 million written and telephone inquiries from beneficiaries and providers concerning the status of claims and other issues; and to communicate with providers regarding legislative and other changes in Medicare. In effect, Medicare contractors are the program's front line in dealing with over 33 million beneficiaries, 400,000 physicians, 7000 hospitals, 6,000 skilled nursing facilities, 5,600 home health agencies, 3,500 laboratories and other providers.

Unfortunate effects of the underfunding of claims processing have been that the quality of contractors' service to providers and to beneficiaries has begun to deteriorate. Claims processing times and backlogs are increasing significantly. Inquiries from providers and beneficiaries are increasing at a faster rate than ever before.

Clearly, contractors have not been able to maintain service and meet all of HCFA's performance expectations. HCFA's own measures of contractor performance clearly demonstrate this difficulty. In FY 1984, 21 percent of the Part A contractors and 21 percent of Part B contractors failed one or more of the "critical elements" in HCFA's Contractor Performance Evaluation Program. In FY 1985, the percent of contractors who failed one or more "critical elements" jumped to 74 percent in Part A and 66 percent in Part B.

Finally, there is a fourth category called productivity investments which includes funding for projects, such as the conversion from hard copy to electronic submission of claims, that can be expected to improve the efficiency of contractor operations. Here too, we believe that the Administration's budget underestimates the cost-saving value that more productivity investments can generate.

Impact of Gramm-Rudman-Hollings

We had hoped that FY 1986 would establish a reasonably adequate level of funding and a stable processing environment, and the congressional appropriations legislation for FY 1986 took a good step in that direction. However, the subsequent Gramm-Rudman-Hollings legislation forced a reduction in the FY 1986 funding level from $978.5 million to $937 million. Early this year, the Administration also proposed a further cut of $2.1 million in the FY 1986 funding level -- in the form of a rescission request -- in an effort to assure that the actual funding level did not exceed their original budget request. At this point, HCFA has allocated only $920 million for contractor budgets. Recently the Congress made more money available for certain Medicare contractor functions ($78 million in the Comprehensive Omnibus Budget Reconciliation Act of 1985) but as we explain later in this testimony, that is not likely to solve the FY 1986 claims processing problem.

The conference committee on the FY 1986 appropriations bill clearly understood the importance of the claims processing function. To quote from the pertinent part of the committee's report:

> ". . .The conferees direct that within the amount provided, adequate resources be allocated to basic claims processing activities to ensure that the backlog of unprocessed claims be reduced to the maximum extent possible, and that under no circumstances should it be allowed to increase. Further, the conferees direct that services to beneficiaries not be allowed to deteriorate. . ."

Subsequently, the Administration responded to the Gramm-Rudman-Hollings reduction by directing contractors to allow claims inventories to rise. The effects are beginning to be seen. For the first 5 months of FY 1986 the Part B claims backlog has increased by 37 percent over the closing backlog for FY 1985. Similar Part A statistics show an increase of 18 percent.

Effects of Increased Claims Backlog

In recent testimony before the House Ways and Means Subcommittee on Health, the Administration stated that its reasons for directing contractors to allow claims inventories to rise are twofold: First, by paying contractors to process fewer claims than they receive, the funding shortfall brought about by Gramm-Rudman-Hollings can be accommodated; and second, by building backlogs and slowing down claims processing, claims payment will be slowed and this will increase the interest earned on the Medicare Trust Funds. This has evolved into a newly enunciated Administration policy: a processing-and-payment cycle standard will be established at 30 days.

We have argued against that policy on the following grounds:

1) Building claims backlogs and slowing their processing does not save money, it generates:

   - more beneficiary and provider inquiries (which are both costly and frustrating; many inquiries cannot be answered if the claims in question have not been processed);

   - more duplicate claims (which also increase administrative cost);

- slower flow of information to the PRO, slower feedback to providers/beneficiaries on medical review issues, more delay in determining whether Medicare should be the secondary payer, etc;

- less margin for error; an otherwise small problem in the system, for example, can become a disaster if the backlogs are already high.

2) Slowing down claims payment (as distinguished from claims processing) can clearly save money, but it also has costs that should be recognized:

- There is no free float. To the extent the government saves money by delaying payment, beneficiaries and providers pay the cost;

- The policy falls with different weight on different kinds of providers. For example, those providers under Part A who are on periodic interim payments (PIP) will be least affected. Physicians who accept "assignments" under Part B will be adversely affected; physicians who demand payment by beneficiaries at the time of service will not be affected but beneficiaries will be;

- Inquiries and duplicate claims submission will increase and this will increase administrative costs.

We believe that making specific program changes would be a more appropriate approach to deficit reduction than delaying claims payment.

If the government does go forward with a policy of delaying payment of claims, we recommend that it:

- o clearly separate claims processing from claims payment -- it is more efficient and less disruptive for contractors to process all claims received and then delay payment than not to process large numbers of claims.

- o clearly and publicly explain the new payment policy;

- o anticipate that the policy will generate a larger volume of costly inquiries for a long time to come (in spite of public explanations);

- o realize that to make the 30 day standard a reality for the great majority of claims -- and not just an average with wide variations around it (which would be even harder on those groups of beneficiaries and providers whose claims are most difficult to process) -- claims processing would have to be adequately funded.

Parenthetically, on the private side of our business, we set different payment cycles (usually faster than 30 days) depending on our agreements with providers (e.g., speed of payment varies with amount of discount), or on the terms of our contracts with major accounts. I do not believe that private insurers would ever deliberately build backlogs of unprocessed claims as a management device either to cut costs or to slow down payments.

The eventual effect of HCFA's implemention of this new policy should be noted: by the end of FY 1986, Part A intermediaries will have a backlog of 16 days work on hand with a conservative estimate of 1,062,000 bills pending over 30 days. Part B carriers are likely to have 18 days work on hand and 2,676,000 claims pending over 30 days. Contrasted with the fourth quarter of 1984, Part A bill inventories pending over 30 days will have increased by 530 percent, while overall Part A inventories will have increased by 259 percent. Part B claims inventories over the same period pending for over 30 days will have increased by 163 percent while overall inventories will have increased by 161 percent. Appended to this testimony are some charts that depict the situation.

FY 1986 and COBRA

On April 7, the President signed the Comprehensive Omnibus Budget Reconciliation Act of 1985 which provided additional funding for Medicare contractor functions in FY 1986. That funding, however, is earmarked for certain activities other than ongoing claims processing. An additional $60 million annually was made available for the next three years for audit, medical and utilization review and Medicare secondary payer activities and $18 million was authorized this year for activities relating to the participating physician and fee freeze provisions.

While the availability of these new earmarked funds conceivably could enable a reallocation of existing funds to eliminate the shortfall in claims processing, HCFA has not yet announced how, or when, it will allocate these new monies. We would expect that about $20 million will have to be reallocated to implement program changes mandated in COBRA. Based on the budget policy that seems implicit in the Administration's rescission request and its objective of saving interest on trust fund monies by directing contractors to process fewer claims than they receive, we doubt that any significant funding will be directed to ongoing claims processing activities. We believe that a failure to reallocate significant funding to claims processing would be a serious mistake. Moreover, the continued delay in the release of the COBRA funds makes it extremely difficult for contractors to take appropriate management actions for this fiscal year.

It should be noted that several contractors have given HCFA formal notice that at current rates of expenditure for the assigned tasks, funds for some claims processing activities will be exhausted prior to the end of FY 1986. When faced with similar situations in the past, contractors continued to work, confident that funds eventually would be made available to reimburse them for their efforts. However, in FY 1985 Blue Cross and Blue Shield contractors spent approximately $12 million of their own funds in excess of HCFA budget approvals, mostly to keep the claims process running smoothly. These contractors have been told that they will not be reimbursed for such budget overages. As a result, contractors are more and more hesitant to commit to a continuation of work without assurance of reasonable and timely payment.

Conclusion

We believe the problem is a basic one: there simply has not been an appropriate allocation of funds for the most basic of contractor functions: claims processing. (The recently released GAO report on this subject supports this conclusion.) In our judgment, the Administration's FY 1987 budget request would again result in underfunding the claims processing functions and a further deterioration of service.

For these reasons the Blue Cross and Blue Shield Association urges your favorable consideration of a budget for Medicare contractors for FY 1987 which will return service to FY 1984 levels. We estimate $1.147 billion will be needed. A detailed analysis and justification for our estimate which also includes recommendations for increases and decreases in specific line items is attached.

Medicare Contractor Budget
FY 1987 Comparisons
(Dollar Amounts in Millions)

		BCBSA Estimates				
	HCFA/OMB FY 1987	Recommendation	Recommended Increase (Decrease)	Explanation Code	Alternative I	Alternative II
Payment Safeguard						
Medical Review - A	$ 43.6	$ 36.3	($7.3)	A	$ 36.2	$ 35.9
Medical Review - B	47.0	67.2	20.2	B	67.2	67.22
	$90.6	$103.5	$12.9		$103.4	103.1
Provider Audit						
Desk Review	$17.9	$ 24.6	$ 6.7	C	$ 24.6	$ 24.6
Field Audit	49.4	67.0	17.6	D	67.0	67.0
Settlement	13.3	16.8	3.5	E	16.8	16.8
Total Audit Related	$80.6	$108.4	$2.8		$108.4	108.4
Medicare Secondary Payer	$ 28.1	$ 31.9	$ 3.8	F	$ 31.9	$ 31.9
Total Payment Safeguards	$199.3	$243.8	$44.5		$243.7	$243.4
Productivity Investments	$29.7	$40.0	$10.3	G	$40.0	$40.0
Claims Processing						
Bill/Claims Payment	$522.3	$601.8	$79.5	H	$588.4	$575.8
Provider Reimbursement	23.8	29.1	5.3	I	29.1	29.1
Printing	1.5	1.5	0.0		1.5	1.5
Fixed Price/Incentive Contracts	62.0	62.0	0.0		62.0	62.0
Total Claims Processing	$609.6	$694.4	$84.8		$681.0	668.4
Beneficiary and Provider Services						
Hearing and Reconsiderations	$ 26.4	$ 30.0	$3.6	J	$ 30.0	$ 30.0
Elim. Favorable Waiver Presumption	12.8	5.0	(7.8)	K	5.0	5.0
Beneficiary Communications	63.8	65.3	1.5	L	75.0	75.0
Participating Physicians	15.2	18.0	2.8	M	18.0	18.0
Total Beneficiary & Provider Services	$118.2	$118.3	$0.1		$128.0	$128.0
Operating Funds	$ 956.8	$1,096.5	$139.7		$1,087.7	$1,079.8
Contingency Funds	50.0	50.0	0.0		50.0	50.0
	$1,006.8	$1,146.5	$139.7		$1,137.7	$1,129.8
TOTAL CONTRACTOR BUDGET	$1,007.0	$1,147.0	$140.0		$1,137.0	$1,130.0
Workload Consequences						
Part A: Bills Processed	65.8 mm	70.2			68.7	67.6
Days Work on Hand	22.9 days	6.0			16.0	16.0
Part B: Claims Processed	316.3 mm	339.9			323.3	324.7
Days Work on Hand	24.6 days	6.0			12.0	18.0

EXPLANATION

A. The Administration is proposing an increase of $11.4 million, or 35 percent over FY 1986. A major factor is the increase in medical review of HHA claims resulting from HCFA's Forms 485 and 486. At this time, we do not believe that this level of review will be required on an ongoing basis or that it will be cost effective.

B. The Administration has proposed a major decrease in medical review investments from FY 1986. The proposed decrease is $11.7 million or 20 percent. Medical review efforts in Part B are highly cost effective, achieving approximately 8 to 1 payback, and we find no rationale to support the proposed reduction. Our proposal for $67.2 million is based on claim growth and inflation from FY 1986 funding level of $58.7 million.

C. The Administration's proposal amounts to a reduction of $2.7 million from 1985 or 13 percent. Delays in the development of the cost report forms have produced backlogs which have been amplified by the growth in participating providers. Our proposal contemplates reducing the backlogs.

D. The Administration's proposal amounts to a reduction of $12.7 million or 20 percent from FY 1985. FY 1986 expanded audits of PPS-I hospital cost reports has resulted in accumulations of unaudited cost reports and unrecovered funds. Our recommendation contemplates reducing the backlog of unaudited cost reports.

E. The President's FY 1987 budget proposal is $1.5 million or 10 percent less than FY 1985 costs. Given the backlogs in cost reports, it is essential that adequate funding be made available to the contractors in FY 1987 and FY 1988 to achieve currency in audits.

F. There is no area which offers greater potential for timely cost avoidance savings than Medicare secondary payor efforts. In Part A contractors are earning over $30 in savings for every dollar spent on these activities. These additional funds would accelerate recoveries and would, conservatively, save $110 million.

G. Our recommendation of $40 million is $10.3 million more than the Administration's proposal and is based on HCFA's pending project list, the impact of COBRA, anticipated systems projects, the impact of incorporating capital costs into DRGs and potential legislation. During FY 1985 and FY 1986 we have been forced to postpone systems improvements due to tight financial constraints.

H. We are recommending an investment of $601.8 million in bill/claims payment as compared to the Administration's $522.3 million. Inadequate funding in FY 1985, and further reductions in FY 1986, have resulted in inappropriate claims backlogs and delays in payment. Major increases in pending claims are occuring in FY 1986. The Administration's budget proposal for FY 1987 would result in another 40 percent increase in pending/unpaid-claims. Every effort must be made to ensure timely processing and payments to beneficiaries and Providers.

I. The Administration's proposal for FY 1987 is $23.8 million, or only 3.5 percent more than FY 1985 costs. The major growth in participating providers, due to PPS and new home health agencies, and inflationary factors, requires $29.1 million for FY 1987.

J. The Administration has proposed $26.4 million for FY 1987 as compared to contractor costs of $33.1 for FY 1985. During FY 1986, the Administration has reduced funding to $23.3, which has resulted in near crisis situations on backlogs of pending appeals. Our recommendation for $30.0 million should improve service to beneficiaries and Providers.

K. Subsequent passage of COBRA has materially reduced the potential incidence of appeals from Home Health Agencies and Skilled Nursing Facilities. We believe that $5.0 million will allow the prompt processing of other appeals.

L. Prompt and accurate responses to beneficiary, physician and provider inquiries are essential. During FY 1986, HCFA reduced contractor funding by $2.8 million while claims backlogs and beneficiary inquiries were growing rapidly. The Administration's proposal for $63.8 million for FY 1987 is grossly inadequate given their proposal to delay claims processing increase Medicare pending bills by 40 percent. Our recommendation of $65.3 is predicated on additional funding for bills/claims payment and a major reduction in pending/unpaid claims. Failure to provide adequate funding for bill/claim payment will result in greater costs for beneficiary communications which could grow to $75.0 million.

M. Our recommendation of $18.0 million for physician fee freeze/participating physicians is consistent with the funding in COBRA.

Medicare Contractors
Bill/Claims Payment

Recommendation

Our recommendation for FY 1987 funding for Bill/Claim Payment at $601.8 million reduce the number of pending claims by more than 15 million.

	Pending 9/30/86	FY 1987 Receipts	To Be Processed	FY 1987 Processed	Pending 9/30/87
Part A	3,974,400	67,853,568	71,827,968	70,248,768	1,579,200
Part B	20,692,800	326,761,589	347,454,389	339,863,189	7,591,200
	24,667,200	394,615,157	419,282,357	410,111,957	9,170,400

This level is recommended to restore unpaid claims/bill backlogs to a reasonable level while assuring prompt payment to beneficiaries, physicians and providers. At this level, we anticipate a savings of $9.7 million in Beneficiary Communications cost due to avoided inquiries and complaints from beneficiaries, physicians and providers.

Pending backlogs of unpaid claims at the Administration's requested funding level would produce major complaints from all claimants. Funding at our recommended level would restore optimum service and processing capabilities - levels that have proven to be satisfactory and responsive to beneficiary and provider needs and requirements.

Alternative I

An alternate funding plan for bill/claim payment could be based on the concept of maintaining the February 28, 1986 pending workloads (17,533,117 million claims). However, the mechanics of this alternative would result in an increase in the number of claims pending. The workloads and pending inventory would be:

	Pending 9/30/86	FY 1987 Receipts	To Be Processed	FY 1987 Processed	Pending 9/30/87
Part A	3,974,400	67,853,568	71,827,968	60,669,568	3,158,400
Part B	20,692,800	326,761,589	347,454,389	332,271,989	15,182,400
	24,667,200	394,615,157	419,282,357	400,941,457	18,340,000

Alternative I would reduce the bill/claims payment funding by $13.4 million from our recommended funding level. However, contractor communications costs for handling additional beneficiary inquiries and complaints would increase by $4.7 million.

Alternative II

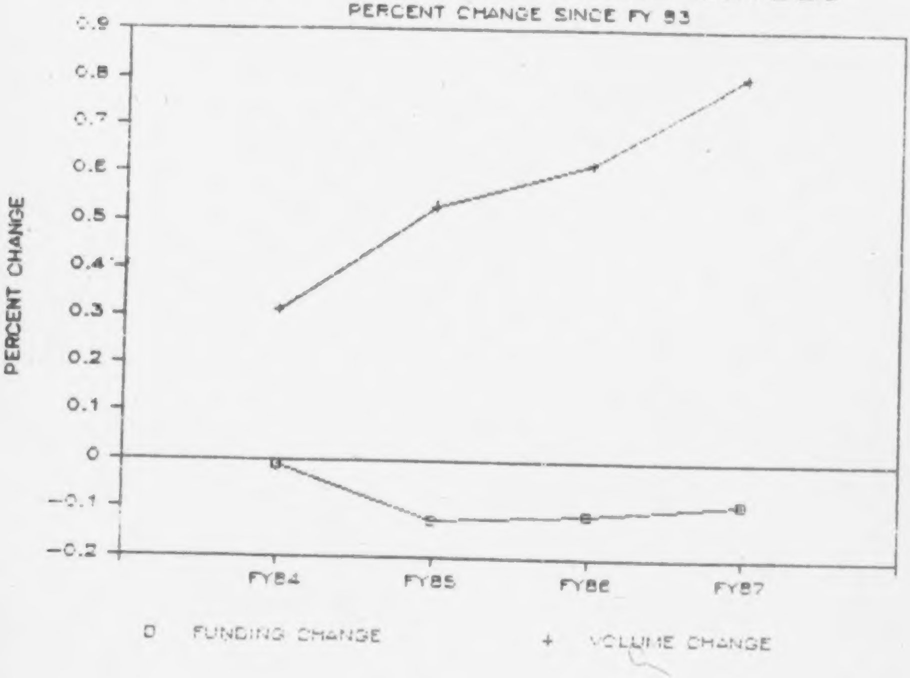
Another alternate funding Plan for bill/claims payment could be based on the concept of acknowledging HCFA's projected growth in backlogs for FY 1986. Unfortunately, our current growth of receipts in bill/claims is exceeding HCFA's original estimates and processing the 382.1 million claims in HCFA's plan would provide for an increase in pending claims:

	Pending 9/30/86	FY 1987 Receipts	To Be Processed	FY 1987 Processed	Pending 9/30/87
Part A	3,974,400	67,853,568	71,827,968	67,616,768	4,211,200
Part B	20,692,800	326,761,589	347,454,389	324,680,789	22,773,600
	24,667,200	394,615,157	419,282,357	392,297,557	26,984,800

Alternative II would result in further beneficiary, physician and provider complaints which would increase the cost of servicing those complaints by $5.0 million. Those costs would be minimal in comparison to those resulting from accepting the Administration's budget since it would allow pending claims to increase by an additional 51 percent above the FY 1986 levels.

FUNDING AND VOLUME LEVELS

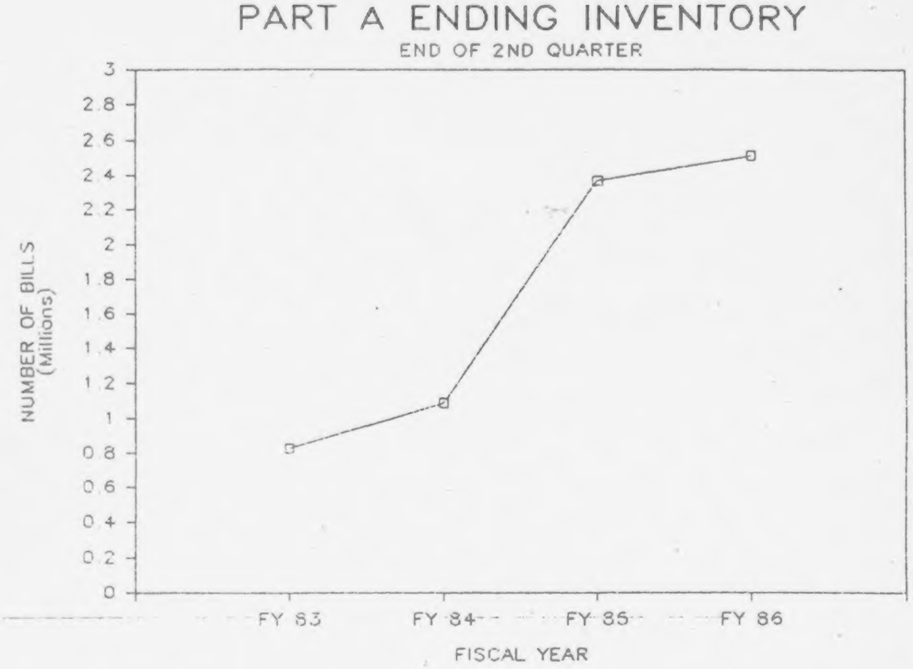
PERCENT CHANGE SINCE FY 83

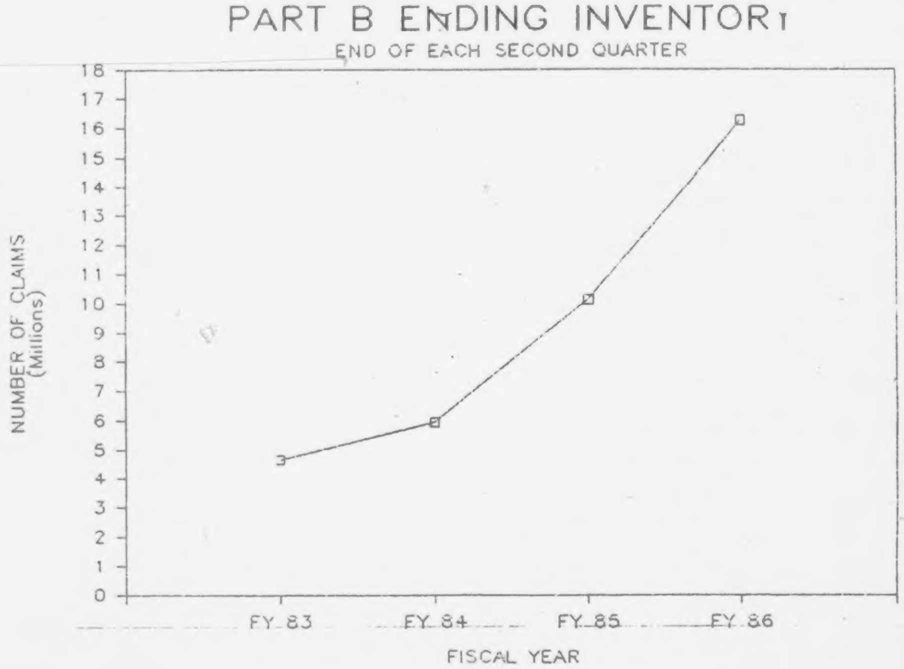


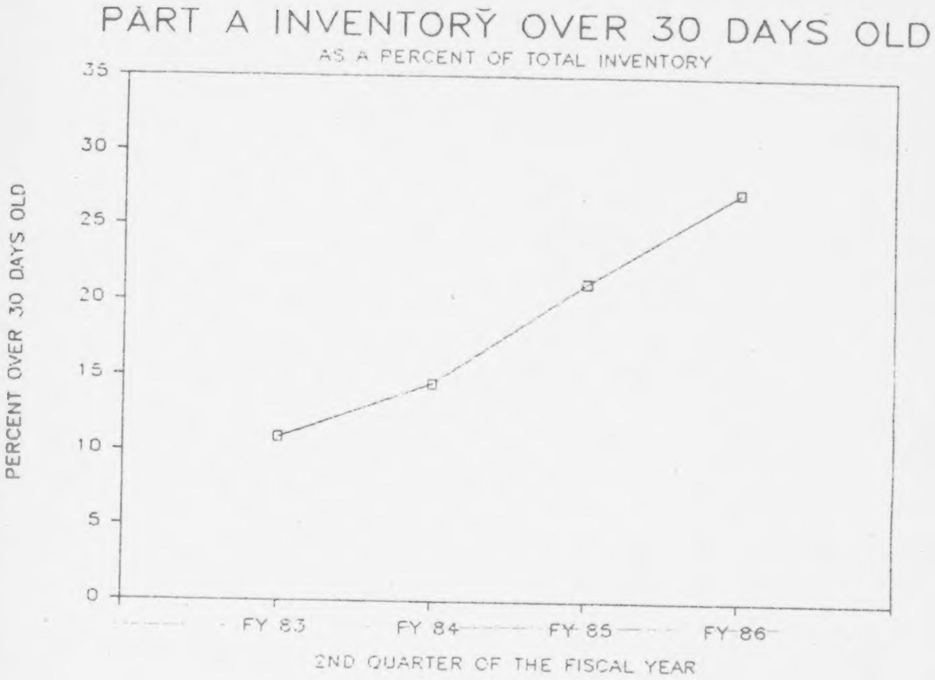
FUNDING VS. VOLUME
FY 84 TO FY 87

FISCAL YEAR	MEDICARE PARTS A & B VOLUME	PERCENT CHANGE IN VOLUME (1)	CLAIMS PROCESSING FUNDING	PERCENT CHANGE IN FUNDING (1)
FY84	278,200,000	31.18%	$566,400,000 (2)	-1.00%
FY85	324,700,000	53.10%	$501,000,000 (2)	-12.43%
FY86	343,500,000 *	61.97%	$508,200,000 (3)	-11.17%
FY87	382,100,000 *	80.17%	$522,300,000 (4)	-8.70%

* Projected
(1) Since FY 1983
(2) Administration Request
(3) As of 4/1/86
(4) HCFA Allocation

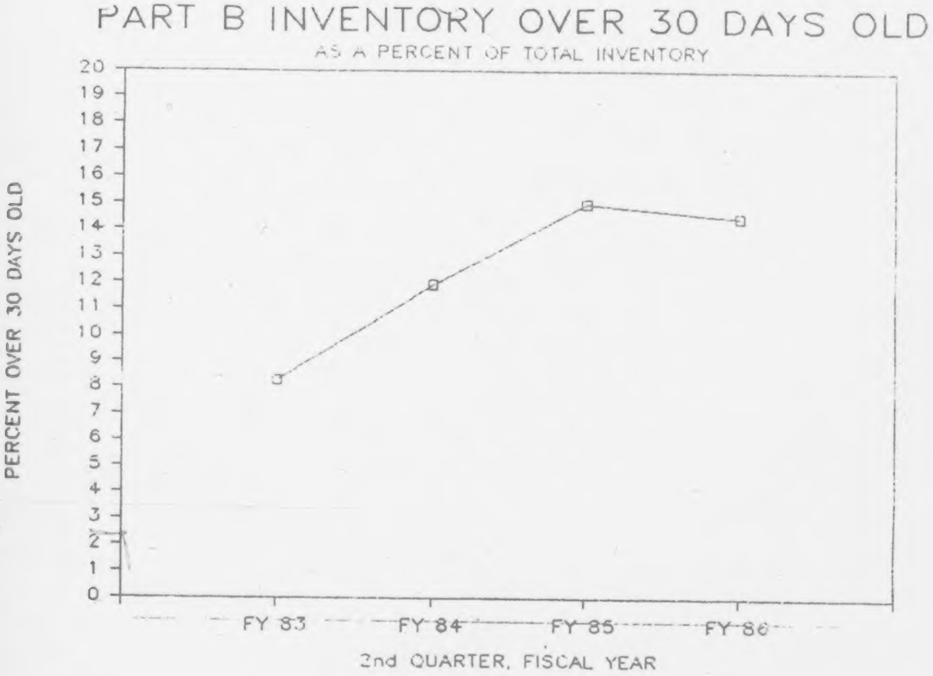

PART A ENDING INVENTORY
END OF 2ND QUARTER


PART B ENDING INVENTORY
END OF EACH SECOND QUARTER



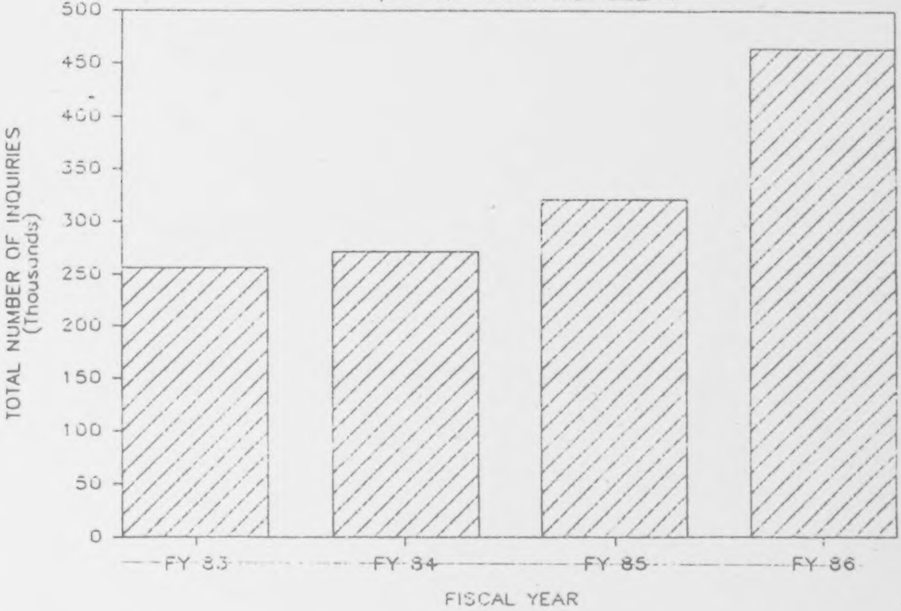
PART A INVENTORY OVER 30 DAYS OLD

AS A PERCENT OF TOTAL INVENTORY

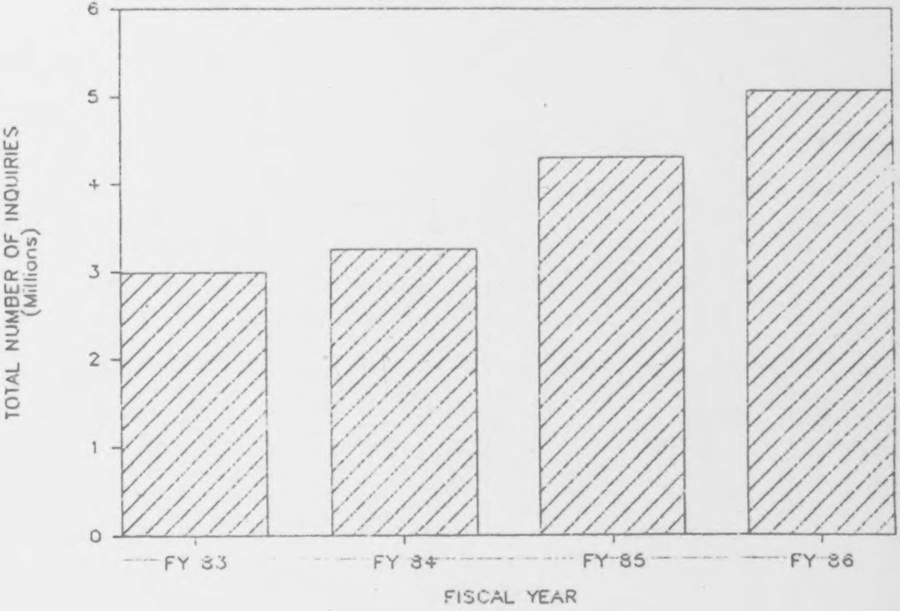


PART B INVENTORY OVER 30 DAYS OLD

AS A PERCENT OF TOTAL INVENTORY



PART A INQUIRIES, 2ND QUARTER
Telephone, Written and Walk-in



PART B INQUIRIES, 2ND QUARTER
Telephone, Written and Walk-in

STATEMENT OF L.E. CARTER, CHAIRMAN, MEDICARE ADMINISTRATION COMMITTEE, HEALTH INSURANCE ASSOCIATION OF AMERICA

I am Luther E. Carter, Chairman of the Medicare Administration Committee of the Health Insurance Association of America (HIAA) and also Vice President, Medicare Administration, for The Travelers Insurance Company. This statement is presented on behalf of HIAA's Medicare Administration Committee representing the nine member companies [1/] that have served as Medicare carriers or intermediaries since the inception of the Medicare program in 1966.

The Medicare program has been a successful, cooperative effort, jointly administered by the federal government and private companies on a contractual basis of no profit/no loss. Medicare contractors handle an enormous workload -- an estimated 360 million claims and in excess of $70 billion in benefits in F.Y. 1986 -- providing a high level of service with dependable quality controls, incurring administrative costs of 1.3% of benefit payments This is a truly remarkable record and a tribute both to HCFA and the private sector contractors who operate the program. Medicare is one of the few government programs that has continuously and consistently demonstrated reduced administrative costs.

Despite the program's past success, a crisis of major proportions may be in the making. Because of the cost-cutting and related changes implemented by HCFA, the Medicare program has developed serious problems. As claims administrators contracting with the federal government, we endeavor to provide prompt quality service to millions of elderly beneficiaries at the lowest possible cost.

Until three years ago, we achieved this fundamental objective through a cooperative effort with the federal government. However,

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[1/] These companies include: Aetna Life & Casualty; Connecticut General Life Insurance Company; Equitable Life Assurance Society of the United States; General American Life Insurance Company; Mutual of Omaha Insurance Company; Nationwide Mutual Insurance Company; Occidental Life Insurance Company of California; Prudential Insurance Company of America; and The Travelers Insurance Company.

this cooperative effort has begun to break down and is being replaced at times by an adversarial relationship. The success achieved in the Medicare program over the years was based on mutual trust between the Medicare contractors and the government, a very necessary ingredient for a program of this nature.

HCFA has focused so earnestly on cost cutting that it has begun to act in isolation. The Medicare program's administrative costs are increasingly being underfunded and unfortunate results are inevitable.

The extent of the problem is clearly addressed in the General Accounting Office's recent report, Medicare Contracting: Existing Authority Can Provide for Effective Program Administration, and also in testimony presented on April 22, to the Subcommittee on Health of the Committee on Ways and Means.

Charged with helping reduce the federal deficit, HCFA officials feel accutely accountable to produce demonstrable savings. The Medicare contractors, faced with a rapidly growing volume of claims, feel equally accountable to preserve a reasonable level of service for Medicare beneficiaries, but not at a cost that requires the contractors to actually subsidize the Medicare program.

F.Y. 1987 Budget Request

We understand the Administration has requested $957 Million plus a $50 Million contingency fund in F.Y. 1987 for Medicare contractors. Based on the F.Y. 1986 experience alone, this amount is clearly inadequate. We recommend that the Medicare contractors be funded at $1.089 Billion. We further recommend that $615 Million of this amount be designated specifically for claims processing. We strongly recommend against a large contingency fund. This is a very inefficient use of funds in that it cannot be used for effective planning throughout the year. There has been too many instances in recent years where funds are withheld and then released too late in the Fiscal Year for efficient effective use.

The Medicare Administration Committee and the companies it represents endorse reducing the federal deficit. But unavoidable questions arise: Who will shoulder the burden of these arbitrary cost reductions and are their purported savings illusory?

1. Elderly beneficiaries will share the cost of these budget reductions.

Unavoidably, the cost reductions will be made up in significant part by slowing payments to elderly beneficiaries. Beneficiaries will subsidize the budget reduction by virtue of a "float" (an interest-free loan) imposed by the federal government. Recent press statements indicate that HCFA understands this consequence and, in the opinion of many, intends it.

The issue for Congress is whether the budget savings derived from delayed payments justify the burden that will befall the beneficiaries and providers of services. The suggestion to slow payments was one which the Congress roundly criticized in the Grace Commission Report. It is a highly questionable practice -- and in some forms, is an indictable offense when practiced by corporations. It is difficult to see how the Congress can endorse this practice when it is used against our elderly Medicare beneficiaries. In fact the Senate Appropriations Committee is on record stating that:

> The Committee believes that an adequate funding level for Medicare administrative functions is essential to maintaining the integrity of the Medicare Program and to assure the timely and accurate processing of claims. Further the committee believes . . . that first priority should be given to the claims payment functions to reduce claims backlogs and to prevent any further deterioration in the quality and timeliness of claims processing functions. [1]

At this point, an explanation of what claims backlog means to the beneficiary is in order. Historically, the backlog or inventory of claims ranged from 6 - 10 days. HCFA plans for it to grow to 18 days in F.Y. 1986, and subsequently, to 22 days in F.Y. 1987.

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[1] U.S. Congress. Senate Appropriations Committee. F.Y. 1986 Appropriations Report. October 4, 1985.

Until recently, HCFA used the term "days work on hand" (DWOH) to describe the backlog. This simply means the total pending claims divided by the contractors' average daily processing capability. It does not provide a measure of the time it takes from when a beneficiary/provider mails a claim until payment is received. The following table provides a realistic picture of the actual calendar days required with a 20-day backlog of claims:

Payment Cycle in Calendar Days

	Best Case	Worst Case	Average
Mail from Beneficiary/Provider	1.0	4.0	2.5
Mean Processing Time (average) @ 20 DWOH	24.3	24.3	24.3
Summary Check Cycle	0.0	14.0	7.0
Mail Room -- Print, Sort, etc.	2.0	3.0	2.5
Mail to Beneficiary/Provider	1.0	4.0	2.5
Total	28.3	49.3	38.8

As seen from this example, at 20 DWOH, it takes an average of 38.8 days to get payment to the beneficiary/provider. This is extremely burdensome for beneficiaries, and it actually produces a new set of administrative costs. Providers go into the next billing cycle, producing duplicate claims. Beneficiaries and providers inquire about the claims in record numbers. Even today, it is almost impossible to improve telephone service fast enough to keep pace with the calls.

The delays become further distorted when one considers Electronic Media Claims (EMC). Since they process through the system rapidly, the other claims must age far beyond the above averages to maintain the required DWOH.

The HCFA recently changed its definitions and descriptions of the ever increasing backlog of claims. It now uses the term "Processing and Payment Cycle". The names change but the result is the same. The time from when a beneficiary mails a claim until payment is received isn't changed by these new terminologies.

2. The purported savings are illusory.

HCFA has indicated that allowing DWOH to build was done to save costs. The Medicare contractors have continually pointed out to HCFA that the opposite is true. Seven of the larger contractors, representing 40 percent of the Part B claims, conducted a study of the costs vs. savings. Extrapolated from the study, figures show a backlog of 18 DWOH will generate a one time savings of $5.8 million but will be offset by an annualized cost of $18.2 Million. These are very conservative figures, in that all areas that could not be quantified were eliminated. This study was presented to HCFA several months ago.

Delaying claims payments for such lengthy periods causes many adverse reactions, such as submission of duplicate claims where payments are not made within 30 days, beneficiary/provider inquiries, reduced assignment rates, lack of physician participation, reduced submission of electronic claims, and poor contractor image. The backlog which HCFA's budget process necessitates is even causing some contractors to remove corporate identification from their Medicare claims.

In a recent budget hearing before a Senate Appropriations Subcommittee, 1/ HCFA testified that delaying the payment of claims was encouraged and supported by the Prompt Payment Act (P.L. 97-177). We strongly disagree. This act was clearly intended to encourage prompt payment. Prompt payment laws of various states require claim payments be made within 10 to 15 days. While this varies by state, none of them would accept 38 to 40 days for payment.

1/ U.S. Congress. Senate Appropriations Subcommittee on Labor/HHS/ Education. Hearing. Washington, D.C., March 18, 1986.

Conclusion

The effects of continually underfunding the processing of Medicare claims has become very evident. The backlog of claims are at unprecedented numbers. Beneficiaries and providers are being unfairly penalized by deliberate delays in payments of their claims. It is costing the government much more in administrative costs to delay claims payment. Contractors are increasingly unable to comply with the standards set by HCFA.

We urge you to consider a budget adequate to provide a reasonable level of service to beneficiaries and providerswith specific direction to HCFA concerning the allocation to claim payment.

We further ask that you exercise your legislative and persuasive authority to urge HCFA to abandon the arbitrary approach it now pursues and return to a budget negotiation process with Medicare contractors that places emphasis on individual circumstances and provides adequate funds to process claims promptly and effectively.

STATEMENT OF DONALD STEINWACHS, PH.D., ASSOCIATION FOR HEALTH SERVICES RESEARCH

Mr. Chairman, I am Donald Steinwachs, Director of the Health Services Research and Development Center at the Johns Hopkins University.

I am pleased to have this opportunity to present testimony in support of funding for health services research at the National Center for Health Services Research and Health Care Technology Assessment, a component of the Public Health Service, and the Health Care Financing Administration's Office of Research and Demonstrations.

I am a member of the Board of Directors and appearing on behalf of the Association for Health Services Research, a national organization dedicated to promoting, strengthening, and improving health services research. This particular area of study serves as the primary source of information about the financing, organization and delivery of health services, and related provider and consumer behavior.

Mr. Chairman and members of the Committee, the relative size of the public investment in research and development related to personal health care services has not kept pace with the extraordinary growth in the size and complexity of health care institutions and financing arrangements. As you know, over 10 percent of the GNP is now going into personal health care services. Furthermore, the health care system is going through what many have characterized as a revolution -- a time when old models of providing and paying for services are being discarded in favor of new alternative delivery systems intended to provide more cost-effective care. Given these enormous -- and ever increasing -- costs and these rapid changes in the health care system, it is alarming that so small an investment is being made to explore and evaluate new ways of providing cost-effective and high quality care to our citizens.

The membership of the Association of Health Services Research believes it is important that Federal governmental action be taken to deal with these problems. No other level of government, nor the private sector, can deal with these issues. Furthermore, the Federal share of total personal health care services expenditures is by far the largest single segment of national health care investment, with the Medicare and Medicaid programs expected to cost $94.9 billion dollars in fiscal 1987. The kind of research and public policy development which is needed will have its most immediate impact in the public sector.

In brief, Mr. Chairman, we believe that Congress will not have available, during the next 10 years the information necesary to make sound policy decisions about the $600 billion to $1 trillion health care system, of the 1990's -- and especially the Medicare and Medicaid programs -- unless support for health services research is increased.

The upward pressures on the health care system are now being felt by this subcommittee. For example, the President's 1987 budget request asked for an appropriation of $19.8 billion for the supplementary medical insurance component of the Medicare program. This is an increase of $1.7 billion or 9.5 percent over 1986. By 1990 this committee will be asked to appropriate in excess of $30 billion for the supplementary Medical insurance program. This rate of growth threatens the ability of this committee to fund discretionary health programs, including research programs such as the National Institutes of Health.

Information generated by health services research provides the only resource Congress will have to evaluate alternatives for change and to monitor the impact of those decisions on consumers, providers and payers of care. Without this information, policymakers will be shooting in the dark -- a dangerous way to make policy, I think we would all agree.

During the 1970's and early 1980's Congress relied on health services research extensively in developing reforms in Medicare and Medicaid programs. For example:

* The Medicare prospective payment system (PPS) based on diagnostic related groups (DRG's) is a direct result of a long term commitment of health services research. In 1969 NCHSR awarded a grant to Yale University that led

to the development of a reimbursement concept using DRG's. By 1974, when the concept had been refined, continuation of the work in an operational setting was supported by HCFA. This work culminated in the passage of the Medicare PPS program which incorporated DRGs as the basis of its new reimbursement system.

Savings from PPS in 1986 alone are projected to be $1.8 billion dollars, more than the cumulative, combined budgets of NCHSR and HCFA for the past 15 years!

* Ambulatory surgery demonstrations revealed savings ranging from 3 percent to 40 percent depending on the procedure. Thus, based on these findings Congress in the 1980 Reconcilation Act changed the reimbursement for ambulatory procedures.

* Health services research demonstrated that providing health care in prepaid plans such as health maintenance organizations saved money. Based on this information, Congress passed legislation encouraging the use of prepaid plans -- or competitive medical plans -- under Medicare and allowed capitation experiments under Medicaid.

These are but a few examples of how Congress has depended on health services research.

Although past contributions of health services research have helped to slow down the rate of growth of health care expenditures, these expenditures are still growing more rapidly than the economy as a whole.

It is obvious to all who look at the data that the health care system is extremely expensive and complex. However, Congress, the administration, and society as a whole do not know very much about the value of what we are getting for our health care dollar. We don't know how wisely or improvidently we may be spending our limited Medicare and Medicaid dollars. And not knowing frustrates all of us - elected official, administrator, and researcher.

Recently, the Medicare Board of Trustees projected trust fund bankruptcy in 1996 unless Congress raises revenue by 28 percent or decreases spending by 22 percent. Gentlemen, I don't have to tell you that this is easier said than done. It is likely that solvency of the Trust Funds will be guaranteed through decreases in spending, not increases in revenue. Faced with enormous potential cuts in expenditures, Congress will need considerable data and information to develop policies which will produce the required savings while continuing to provide access to quality health care for our elderly citizens. Where will this information come from? The health services research community.

Mr. Chairman, we recognize that the rising costs of health care are a critical problem facing the Congress. But we also want to emphasize that another, equally important problem is emerging -- that is the concern over the impact of the Medicare PPS system and other health care system changes is having on access and quality of care. Are the elderly being pushed out of hospitals before they are ready to care for themselves? Are shorter hospital stays creating a need for another level of services and if so, are these services available? Who pays for these services? Do shorter hospital stays create an increase in readmissions, which would have an impact on the cost and quality of health care? Who can answer these difficult questions? Again, the health services research community.

Mr. Chairman, at the federal level there are two major agencies responsible for funding and conducting health services research:

> The National Center for Health Services Research/Health Care Technology Assessment is the focal point for broad based health services research and technology assessment.
>
> The Office of Research and Demonstrations/Health Care Financing Administration supports research, demonstrations and evaluations directed at specific operational problems of the Medicare and Medicaid programs.

Some examples of on-going research are:

* A study to assess the impact of the Medicare prospective payment system on the quality of inpatient care received by Medicare patients is being conducted.

* Developing and testing alternatives for paying home health agencies on a prospective basis for services provided under the Medicare and Medicaid programs is the focus of a major national demonstration effort.

* Research is underway to determine whether planning for follow-up care for patients age 60 and older before they leave the hospital can achieve better levels of functioning.

* A review of the programs established by various medium and large firms nationwide to control health care costs

is being conducted. The study will estimate the cost savings and the policy implications of these innovations.

Mr. Chairman, the proposed 1987 funding levels for the Center and HCFA's research program are inadequate to produce the data needed to institute reforms in the Medicare and Medicaid programs, to achieve the savings needed to produce long-term solvency of the Medicare hospital trust fund, and to achieve a slowing of the rapid growth in the cost of the supplemetary medical insurance (Part B) program.

With these facts in mind, we respectfully request an appropriation in 1987 for the National Center for Health Services Research and Health Care Technology Assessment of $24,000,000 and a funding level for the Health Care Financing Administration Office of Research and Demonstration of $40,000,000. These amounts are tiny when you consider that federal health expenditures for Medicare and Medicaid were $93.4 billion last year.

This concludes my testimony, I will be happy to answer any questions.

Research Report 86-1
February 1986

CLOSED-CAPTIONED TELEVISION: A NEW TECHNOLOGY FOR ENHANCING READING SKILLS OF LEARNING DISABLED STUDENTS

ABSTRACT

In the past five years a new dimension called closed-captioning has been added to television viewing. Closed captions are subtitles which enable viewers to read the dialogue of a program. A growing number of educators beleive that these captions provide a new source of reading material which can aid in the enhancement of reading ability. The present study was designed to investigate the effects of closed-captioned television upon the reading performance of learning disabled students. Specifically, it investigated four treatment conditions: 1) viewing TV with captions and sound, 2) viewing TV with captions and no sound, 3) viewing conventional TV with sound but no captions, and 4) reading the printed text of captions, with respect to student's sight vocabulary, comprehension and oral reading.

Seventy-seven learning disabled students, reading on the 1st through 3rd grade levels, were randomly assigned to one of the four treatment conditions. They viewed or read (according to condition) four different segments from the TV science series 3-2-1 Contact over a three week period. The results of this study suggest that both captioned-TV-with-sound and conventional TV are well worth exploring as media for enhancing reading skills. The results of this study suggest that the addition of captions to conventional TV may be an effective means of enhancing word recognition skills and enabling students to utilize the larger idea bearing units in text and focus on meaning.

In the past five years a new dimension has been added to television viewing. Each week more than 90 hours of television shows have closed captions which enable viewers to read the dialogue of a program. These captions, similar to subtitles on foreign language films, can only be seen on television sets equipped with a special electronic decoder. While captions were originally developed to help hearing-impaired people enjoy the benefits of television, they have the potential of enriching the lives of many other individuals. Captions provide a new source of reading material. They present the viewer with printed words in a motivating environment where the audio and video context can help readers understand words they might not know.

While television viewing often has been described in negative terms as a passive activity, some educators are now suggesting that television viewing is an active cognitive process. Anderson and Lorch (1983) claim that children will attend to television only as long as they have questions that need answering. This makes television a communication medium similar to other mediums, but one that promotes attention because of the high interest factors involved (Huston & Wright, 1983). Daniel Boorstin (1983), the Librarian of Congress, contends that reading books and watching television should be viewed as coexisting media for spontaneous education.

A growing number of educators, especially those who work with students with learning problems, believe captioning holds promise in serving as an aid to enhancing reading ability. While there is evidence in the literature that reading achievement has been improved when instruction has been based on popular TV programs (Ashley, 1982; Szabo & Lamiell-Landy, 1981) there is little information on the use of captioned TV with hearing populations. Initial reports on the use of this medium during teacher-directed reading instruction to enhance vocabulary, comprehension and oral fluency, however, suggest that captioned TV holds promise as an instructional tool (Koskinen, Wilson, & Jensema, 1985). There is also evidence which suggests that viewing captioned TV without teacher assistance improves student sight vocabulary (Adler, 1985).

Because of the very limited research in this area, there is a need to further explore the potential of captioned television. Questions of particular interest are whether captions add a meaningful dimension to the already motivating medium of television, and how captioned television compares with the more traditional experience of reading written text on a printed page. To explore these issues, the present study was designed to investigate the effects of captioned television upon the reading performance of learning disabled students. An attempt was made to take a systematic look at the effects of video, audio, and captions on certain aspects of reading achievement. Specifically, this study investigated whether there were differences among four treatment conditions: 1) viewing TV with captions and sound, 2) viewing TV with captions and no sound, 3) viewing regular TV with sound but no captions, and 4) reading the printed text of captions, with respect to students' sight vocabulary, comprehension, and oral reading.

METHOD

Subjects

Seventy-seven learning disabled students from four Maryland public schools participated in this study. The students were reading on the 1st through 3rd grade levels as determined by individualized reading tests, and at the 4th grade level or below on the Botel Word Opposite Test. They ranged in age from 9 to 13, were reading at least 2 years below their grade level, and were receiving State of Maryland Level 2 or 3 special education services which entitled them to 1 to 3 hours a day of special assistance.

Materials

The video/text materials for this project consisted of four excerpts from the children's science TV program 3-2-1 Contact. Since some students in this study were going to see TV programs and others were just going to read the program's text of captions, these materials had to be comprehensible to a reader who did not see the video action or hear the audio input. Because of this restriction, only a limited range of programming could be selected. Two experienced teachers viewed video tapes of children's programs to identify meaningful vignettes that had captions which could be understood without the accompanying audio or video. Forty-five vignettes were identified. These vignettes were then rated on a 1 to 5 scale in the categories of interest, educational value, and match between the content of captions and video action portrayed on the screen. Captions which were highly rated in all categories were then rated for comprehensibility and interest by a reading specialist who had not seen the videos.

The four video/text segments selected for use in this study had captions which were comprehensible when read without accompanying video or audio. They were also similar in content (science), interest level, word count (approximately 200 words), reading level (3rd-7th), length of the video segment (1.5-3 minutes), and caption speed (107-122 wpm). In addition, two five-minute captioned video segments were selected from 3-2-1-Contact programs and four two to three minute segments were selected from cartoon programming, such as Fat Albert and The Littles, to be viewed by all subjects involved in the study.

Parallel scripts were developed to assure consistency across the four treatment conditions. They included introductory material for each vignette, procedures for viewing or reading, and guidelines for administration of the assessment tasks.

Assessment materials developed for this study included word recognition, comprehension, and oral reading measures. A word recognition test, consisting of 20 content vocabulary words selected from the text of captions, was created for each of the four segments. Another 20-item word recognition test to measure delayed recall was also developed from words randomly selected from each of the four word recognition tests (five words per test). Two different types of comprehension tasks were developed for the four sessions. One of these was a 5-item cued recall test which included both textually explicit and textually implicit questions. Another comprehension measure involved the cloze procedure. Three cloze tasks were developed, two as practice activities and one as an assessment instrument. The cloze tasks consisted of deletions of selected content words from the text of captions. In addition, a 100 word passage for oral reading was selected from the captions of the video segment used in the final session.

Procedures

Students in each school were randomly assigned by Botel reading levels to one of the following four treatment conditions: 1) captioned-TV-with-sound, 2) captioned-TV-without-sound, 3) conventional TV, and 4) text-of-captions. Four researchers who were experienced reading teachers each worked with the four different treatment conditions in their assigned school. Students in each of the conditions met with the researcher four times over a three week period for the treatment sessions. Researchers worked with groups of seven or fewer students and each treatment session was approximately 1/2 hour in length.

During each of the four treatment sessions, students in Condition 1 viewed a video segment with audio and captions; students in Condition 2 viewed a video segment with captions, but without audio; students in Condition 3 viewed a video segment with sound but no captions; and students in Condition 4 read a printed copy of the video segment's captions. To help orient students to captioned television and the paper script of captions, students in each condition viewed a segment of captioned TV at the beginning of Sessions 1 and 2, and in Session 1 read a portion of the video's printed text of captions.

Students in each treatment session were given a brief one sentence introduction to the topic that was to be viewed or read and were also directed to read or watch carefully so they could remember the important ideas. After either viewing or reading a segment (according to condition), students participated in assessment activities. As a final activity for all sessions, students watched a short cartoon segment. These high interest vignettes were shown at the end of each session in an attempt to control for the motivating effects of television.

Assessment activities for the study involved the administration of word recognition, comprehension and oral reading measures. At each treatment session students were given a word recognition test and, six to eight days after the fourth treatment session, the subjects also completed a 20-item delayed word recognition test. In all sessions, sight word knowledge was assessed individually while the other members of the group worked on a maze or drawing activity. Cloze practice activities were given during the first and second sessions and a cloze test was administered during the fourth session. These cloze tasks required students to read a text with deletions and write in the missing words. In addition to these activities, students read the comprehension questions and wrote responses during the third session and their oral reading of the text of captions was tape recorded for subsequent analysis in the fourth session

The assessment instruments for this study were scored according to the following procedures. On the 20-item word recognition tests, subjects received 5 points for each correct response out of a possible 100 points. The 10-item cloze test was scored both for exact replacements and for semantically appropriate replacements. Subjects received 10 points for each acceptable response resulting in a possible score of 100 points for each analysis. On the 5-item question test, subjects received 2 points for each correct response resulting in a possible score of 10 points. For the oral reading miscue analyses, which involved scoring for both exact matches to text and semantically appropriate replacements, subjects received 1 point for each acceptable response resulting in a possible score of 100 for each analysis.

RESULTS

To verify the equivalence of treatment groups, a one-way analysis of variance was conducted on the Botel Word Opposites Test scores. No significant differences were found [F (3,73) = .5642, p > .05].

Multivariate repeated measures were used to analyze the word recognition scores for the four sessions. No significant differences were found among the four treatment conditions [F(3,70) = 2.18, p > .05]. A subsequent chi-square analysis using students scores which reached the criterion of 90% on the word recognition test was then conducted. The results revealed statistically significant differences in favor of the captioned-TV-with-sound group when compared to the text-of-captions group [X (1, N=35) = 7.20, p < .01], and in favor of the captioned-TV-with-sound group when compared to the captioned-TV-without-sound group [X (1, N=35) = 5.76, p < .05].

The cloze test was scored in two ways: 1) number of words which were an exact match with the text, and 2) number of words which were semantically appropriate. Analysis of variance procedures revealed no significant differences among treatment conditions for the number of words which exactly matched the text. However, statistically significant differences were found among the four treatment conditions for words which were semantically appropriate (F(3,72) = 4.74, p < .05). Post-hoc pair-wise comparisons using the Student-Newman-Keuls procedure revealed statistically significant differences in favor of the captioned-TV-with-sound group (M = 46.00) and the TV group (M = 45.79) when compared to the text-of-captions group (M = 26.84) and the captioned-TV-without-sound group (M = 25.00).

An analysis of variance of the scores on the cued recall test revealed significant differences among the treatment conditions (F (3,73) = 5.72, p < .0014). The significant differences were in favor of the captioned-TV-with-sound group when compared to the text-of-captions group and in favor of conventional TV when compared to the text-of-captions and the captioned-TV-without-sound groups.

Two scores derived from the oral reading miscue analysis were used in this study: 1) words accurately pronounced, and 2) words that were semantically appropriate. While analysis of variance results only approached significance for the words accurately pronounced [F(3,71) = 2.63, $p = .0568$)], statistically significant differences were found among the four treatment conditions for number of words which were semantically appropriate [F(3,71) = 2.83, $p < .05$]. Post-hoc pair-wise comparisons using the Student-Newman-Keuls procedure revealed statistically significant differences in favor of the captioned-TV-with-sound group (M = 92.68) and the captioned-TV-without-sound group (M = 91.50) when compared to the text-of-captions group (M = 87.11).

DISCUSSION

This study investigated the effects of four treatment conditions: 1) captioned-TV-with-sound, 2) captioned-TV-without-sound, 3) conventional TV, and 4) text of captions, upon the sight vocabulary, comprehension, and oral reading of learning disabled students. The results of this study strongly suggest that both captioned-TV-with-sound and conventional TV are well worth exploring as media for enhancing the reading skills of learning disabled students.

It is especially noteworthy that in this study captioned TV had a positive effect on the sight vocabulary of learning disabled students. A most promising finding was the significant performance on the word recognition tasks of the captioned-TV-with-sound group. While there were no significant differences on the repeated measures analyses, the chi-square analysis revealed significantly more instances of students scoring at or above 90% in the captioned-TV-with-sound group when compared to the text-of-captions and the captioned-TV-without-sound groups. This finding suggests that the addition of captions to conventional TV may be a significant factor in developing the word recognition skills of young children.

One of the most important dimensions of captioned television also presents a formidable research dilemma. The television video provides much of the information necessary for comprehension. Isolating and assessing the contribution of the captions to reading comprehension, therefore, is problematic, since such a strong framework for comprehension is provided by the video. Given this limitation, however, reading comprehension was assessed in the present study using a variety of measures. Comprehension was assessed using a cloze task, questions, and miscue analysis procedures.

On the cloze task, the captioned-TV-with-sound group and the conventional TV group did significantly better than the captioned-TV-without-sound and text-of-captions groups. On the questioning task, the captioned-TV-with-sound group did significantly better than the text-of-captions reading group. The conventional TV group was superior to both the text-of-captions group and the captioned-TV-without-sound group. These findings support the hypothesis that conventional TV, as well as captioned-TV-with-sound, enhance comprehension for disabled learners. The audio does not appear to interfere with young childrens' processing of the captions and, in fact, the findings of this study support the theoretical notion that simultaneous processing enhances learning.

With respect to the performance of subjects on the oral reading task, miscue analysis results for words accurately pronounced only approached significance. There were, however, statistically significant differences for words which were semantically appropriate. When compared with the text-of-captions group, both captioned TV groups (with and without sound) made significantly fewer semantically inappropriate miscues when reading words in context. This finding, while tentative in nature, can be interpreted as an indication that the addition of captions enabled the subjects to utilize larger language or idea-bearing units in the text and to focus on meaning.

It is important to note, that in this study the time subjects were engaged in each treatment condition was relatively brief. The actual viewing or reading was based upon approximatley 8-10 minutes of programming across the four sessions. In light of the very limited time of subject exposure and the positive findings in favor of captioned television, it is clear that this medium deserves further attention from reading researchers.

It appears that the dual coding of information through print and sound, combined with the powerful popular medium of television, holds promise as an educational tool. In this study subjects received no direct instruction and viewed each program only once. In this respect, the subjects viewing was similar to the typical home television viewing experience. Given the significant amount of time that young children view television (Huston & Wright, 1983) future research should explore the potential of captioned TV for developing and enhancing reading skills in the home environment.

Further research also needs to systematically investigate the use of captioned TV over extended periods of time, with materials of varying lengths, and when used as part of directed reading/language instruction. The benefits of using a variety of high interest programming, such as cartoons with young children and serial dramas with adolescents and adults, should be included in future research efforts. In addition, there is a need to explore the use of captioned TV with other types of learners, including pre-school children, adult beginning readers, and individuals who speak English as a second language. Television, which is sometimes said to contribute to reading problems, may now, with the addition of captions, be used as one of the solutions to these problems.

ACKNOWLEDGMENTS

This research was supported by a U.S. Department of Education grant. We would like to thank Douglas Coulson, Suella Klevenow, Roberta Atkinson, Florence Smith, and Elaine McLaughlin from the University of Maryland and the NCI support staff for their invaluable assistance on this project.

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NATIONAL CAPTIONING INSTITUTE, INC.
DEPARTMENT OF RESEARCH -- Jensema and Fitzgerald, authors
REPORT LISTING 1981

81-1	Audience Reaction to Football Scoreboard Captioning
81-2	1980 Closed Caption TV Audience

81-3	Audience Reaction to Inauguration Captioning
81-4	Unavailable
81-5	C-C Decoder Sales and the "Core" of the Hearing Impaired Community
81-6	A Survey of the Opinions of Closed Caption Decoder Owners
81-7	A Comparison of Three Groups Interested in Closed Captioning
81-8	A Report on the Mature American's EXPO in Tampa
81-9	A Survey of Captioned TV News Program Preference
81-10	Captioned Films and C-C TV Viewing by Clubs for the Deaf
81-11	Closed Captioned TV in Schools for the Hearing Impaired
81-12	A Demographic Profile of Households with Closed Captioned TV
81-13	The Closed Caption Television Viewing Preferences of Hearing-Impaired Children
81-14	Daytime Closed Caption Television Preferences
81-15	The Attitudes of Hearing-Impaired Viewers Toward Closed Caption TV Commercials
81-16	Closed Caption Decoder Ownership and Program Preferences Among Two Groups of Hearing-Impaired People

REPORT LISTING: 1982

82-1	A Home Video Survey of a Sample of Households Having a High Percentage of Hearing-Impaired Residents
82-2	Public Awareness of Closed Caption Television in the Dallas/Fort Worth Metropolitan Area
82-3	Characteristics of the Closed Caption Television Audience on January 1, 1982
82-4	Audience Reactions to the Closed Captioned ABC World News Tonight
82-5	The Reaction of the Closed Caption Television Audience to Text Services
82-6	Public Awareness of Closed Caption Television in the Pittsburgh Metropolitan Area
82-7	Awareness of Closed Captioned Television Among Parents of Hearing Impaired Children
82-8	The Market for Closed-Captioned Cable Television in New York City

1983

83-1	The Propensity of Hearing Impaired Television Viewers in Two Cities to Subscribe to Cable to Obtain Closed Captioned Programming
83-2	Reactions to Captioned News Services

83-3 Characteristics of the Audience for Closed Caption Television on December 31, 1982

83-4 The Hard of Hearing Market for Closed Caption Television

83-5 Hearing Impaired Children's Comprehension of Closed Captioned Television Programs

83-6 Two Pilot Projects Which Used Captioned Television in Classrooms to Teach Reading to Hearing Children

DEPARTMENT OF RESEARCH -- Jensema, Carl J.

REPORT LISTING: 1984

84-1 Characteristics of the Audience for Closed-Caption Television on December 31, 1983

84-2 School Use of Closed Captioned Television

1985

85-1 Characteristics of the Audience for Closed-Captioned Television on December 31, 1984

85-2 Using Closed Captioned Television in the Teaching of Reading to Deaf Students

1986

86-1 Closed-Captioned Television: A New Technology for Enhancing Reading Skills of Learning Disabled Students

[EXCERPT FROM READING WORLD, MAY 1985]

Closed-Captioned Television: A New Tool for Reading Instruction:

Patricia S. Koskinen
Robert M. Wilson
University of Maryland
Carl J. Jensema
National Captioning Institute

ABSTRACT

Since 1980, many popular television programs on ABC, NBC and PBS have been closed-captioned. These captions are subtitles which present a steady stream of written language with video and audio reinforcement. While the captions were originally developed for the hearing impaired, there is considerable potential for their use with hearing populations. This article describes two projects which involved teachers using closed-captioned television materials to develop skills in the areas of comprehension, vocabulary, and oral reading fluency with hearing remedial readers. Positive evaluations by teachers and students suggest that this area merits further investigation.

Since 1980, many popular television programs on ABC, NBC, and PBS have been closed-captioned for the hearing impaired. Closed captions are subtitles which can be seen only on televisions equipped with a special decoder.

These captions are reading material. As such, they have potential uses which go far beyond helping the hearing impaired. They can turn television into a moving story book, a steady stream of written language presented with both video and audio reinforcement. Viewers can see words on a screen, hear them spoken, and see them put into a visual context. One of the most exciting potential applications of closed captioning is its use as an educational tool in the teaching of reading with hearing students.

Closed-captioned television may be particularly appropriate for students who have not been successful in learning to read with traditional approaches. A major problem for many of these students is attending to the reading task. Some readers don't look forward to reading, have trouble getting started and have difficulty in concentrating when they read. The world of print can be threatening, and it is often much easier for students to avoid it. The motivating appeal of television in the instructional setting may assist such students to overcome this avoidance.

Television viewing often has been described as a reactive activity, but some educators now suggest that it is an active cognitive process. Anderson and Lorch (1983) contended that children engage and interact with a TV program only as long as they have questions that need to be answered. This makes television much the same as other communication media, but it is delivered in a form that induces attention (Huston & Wright, 1983).

Because of the highly motivating nature of TV, educators have sought ways to this media to enhance reading skills. There is evidence in the literature that reading achievement has been improved when instruction has been based on popular TV programs (Szabo & Lamiell-Landy, 1981; Ashley, 1982). The use of TV scripts has been a particularly motivating aspect of TV instruction (Solomon, 1976). Many TV related reading programs have also been successful in encouraging the reading of books by relating them to TV programs (Hamilton, 1976). Daniel J. Boorstin (1983) the Librarian of Congress, claimed, "Watching television and reading books are the best media for spontaneous education. . . . That's why I believe in their coexistence". Because of his beliefs, Boorstin has been active in promoting links between television and reading.

The addition of closed captioning to commercial and public television provides many new opportunities for screen reading. Students can actually read while they watch their favorite programs. They can see written words in a motivating environment where the audio and video context helps them understand words they do not know. Educators of the deaf have long been aware of the potential of closed-captioned television for instruction (Jackson & Perkins, 1974; NCI, 1980). Educators of hearing students, however, have paid little attention to its possibilities.

Reading Instruction with Closed-Captioned Television

To explore the use of captioned television with hearing students, two projects were undertaken to determine the feasibility of teaching reading with these captioned materials. We were particularly interested in five aspects of using closed-captioned television: 1) Can teachers use prepared lessons which involve closed-captioned television shows? 2) Can teachers develop their own lessons using closed-captioned television? 3) How do teachers react to using closed-captioned materials for instructions? 4) How do students react to instruction with closed-captioned television? 5) What questions about the use of closed-captioned television merit systematic study? Since this was our first use of closed-captioned television for instruction with hearing students, these projects were exploratory in nature, and we were interested in getting a feel for the use of this technique. The teachers, therefore, were selected because of their interest in trying this medium in their regular instructional reading program.

The first project involved a remedial reading teacher and an English as a Secon Language(ESL) specialist working with groups of elementary school students at le twice a week over a four-week period. In a second project, conducted at the University of Maryland summer reading clinic, 10 clinicians taught four to six reading lessons using closed captioned television. The 35 participating students were in grades two through six, with reading levels ranging from nonreader to sixth grade. Most of the students were remedial readers who read below the third grade level.

Teachers in both projects participated in a one and one-half hour training program where they were provided with ideas for using closed-captioned television in the teaching of reading. As part of the training, they were shown portions of a captioned program, given lesson suggestions, and practiced using a video cassette recorder (VCR) and a closed-captioned television monitor. Lesson ideas were provided for developing comprehension, vocabulary, and oral reading fluency skills. The following are a few specific examples of the reading activities that were used by teachers:

1. Watch a segment of a captioned program (5-10 minutes). Stop the tape and then ask students to predict what will happen next. Show more of the segment so students can verify their predictions. Discuss how the events in the story match the predictions students made.
2. Watch a segment of a captioned program that has examples of figurative language. (Be sure to pick a portion where the drama which accompanies the figures of speech makes them clear to the viewers). Stop the tape and discuss the meanings of the figures of speech. Have students watch the video again to find the figures of speech which are still unclear and determine their meaning from the audio and video context. Students can also locate the figures of speech in the script.
3. After watching a captioned television segment, have students practice reading a very short part of the script aloud as if they were on television. Fluent oral reading is the expected result since they have the dramatic action of the television as a model.

During the projects, teachers used a variety of programs including Scooby Doo, situation comedies, and Sesame Street. Students participated in one-half hour reading lessons based upon 10-20 minute segments of these TV shows. The program's audio was used during the first few minutes of the viewing. Teachers then used the program with or without sound depending on the purposes of the lesson. Students were directed to the various reading activities, such as making predictions about what would happen in the next segment of the program or using the video context to determine the meaning of a word. They often watched a segment for a second time to locate specific information, collect words for their word banks, or read their favorite part orally. Teachers frequently used printed scripts of the captions as reading material in guided reading lessons after a program was viewed.

Information from both projects (NCI, 1983) indicated positive support for the use of captioned materials in the teaching of reading to hearing remedial readers and ESL students. Teachers were able to use prepared captioned-television lessons and were very creative in developing their own lessons. The teachers in the projects were also enthusiastic about captioned television's appeal for attracting attention as well as its use in instruction. They repeatedly mentioned students' high interest in the material and their desire to view programs repeatedly. On a five point Likert scale, ranging from *poor* to *excellent*, their general reaction to the use of captioned TV at the end of the project was between *very good* and *excellent*. This was particularly interesting because these experienced teachers were masters and doctoral students who have been subjected to many "cures" for reading difficulties and were not about to be fooled by another gimmick. All the teachers indicated that they would like to use captioned TV in their regular classrooms at least once a week. They also noted that they would use captioned materials to develop comprehension, vocabulary, and oral reading fluency skills if they had the opportunity.

Students enjoyed using closed captioned TV during their reading instruction. In the second project where student responses were formally assessed, almost 90% of the students indicated that they would like to learn with closed captioned TV in school. In addition to enjoying captioned TV, a majority of the 35 students also felt that closed-captioned TV helped them learn words, read the scripts, and understand what they read. It should be noted that about 75% of these students were turned off learners when they entered the summer reading program.

Because there is both teacher and student support for the use of closed-captioned television in the teaching of reading, further exploration of this area certainly is merited. We are now preparing a series of experimental research studies which examine the effects of closed-captioned television on reading achievement. Of particular interest are the effects on several different populations: adult illiterates, learning disabled students, the hearing impaired, and students who speak English as a second language. Areas we are specifically exploring include investigating the effects of: 1) using closed-captioned television with and without the audio, and 2) repeatedly viewing closed-captioned television. An additional area of interest is determining whether captions may be helpful to beginning readers of all ages when they are watching television at home. Adding captions to the television programs they are already watching may subtly influence their knowledge and understanding of print.

GUIDELINES FOR USING CLOSED-CAPTIONED TELEVISION

Since few people have used captioned television for instruction, no definitive guidelines were available for its use. However, teachers and students in our two projects have made many suggestions for those interested in using this media. The following are a few that may be helpful in exploring the use of captioned television in the teaching of reading.

1. *Select high interest TV programs*. Programs that are short (one half hour or less), and can be viewed in at least two or three lessons, are most appropriate for instructional use. Often segments of shows can be used separately, such as units of Sesame Street, because they form a complete unit and are enjoyable in their own right. It should be noted that programs originally produced for young children, such as cartoons and Sesame Street, were also of interest to older students. Your local TV schedule identifies closed-captioned programs with CC or some similar symbol. About 70 hours of closed-captioned programming is currently available each week.

2. *Preview the TV program*. Plan time to preview the TV show before using it with students. During this viewing, plan for appropriate stopping places, identify vocabulary that might cause problems, and prepare questions. If expressive rea is an instructional objective, determine if caption presentation is slow enough permit oral reading.

3. *Introduce the TV program*. When introducing TV programs, it is often helpful to leave the audio on so that students can use the visual and audio input. After the initial viewing, the audio can be turned off and students can be challenged to see if they can read to find out what is happening. At first, students may miss the background noise and may not be comfortable with the speed of the captions. It takes a while to become accustomed to screen reading without sound. Since television drama is so appealing, we do not recommend that the sound be turned off if this, in effect,

turns off the children. The major advantage of captioned television is the multisensory stimulation of viewing the drama, hearing the sound, and seeing the captions.

4. *Use the scripts if available*. Scripts of the TV captions are highly motivating reading material and can be used as any other printed material would be used in a reading program. While scripts currently are not available for widespread use, it is hoped that an adapter will be developed to print out the captions from the video tapes. The National Captioning Institute is presently investigating this possibility.

In addition to these basic guidelines, it is also important to become familar with the video equipment and the video recording regulations. Because people often are intimidated by video equipment, teachers need to have personal experience with the VCR and captioned television* before using them with students. While these machines are easy to use, there are those who feel uncomfortable using equipment with which they are unfamiliar. Five to 10 minutes of actual practice is enough to calm any fears about the machines. Users of commercial television programs also need to be aware of the copyright laws which protect these programs. Basically, these restrictions are: a) all off-air recordings can be retained for no more than 45 days; b) any recorded program can be used by an individual teacher no more than two times. Further information can be obtained by checking the guidelines for off-air recording related to the Copyright Act of 1976 as ammended in 1981 (International Reading Association, 1982).

SUMMARY

We realize that these initial reports, as with most innovations, must be tempered with cautions about the novelty effect. Nonetheless, the basic concept of using closed captioning to turn readily available television programs into highly motivating moving story-books for the teaching of reading and language skills is extremely appealing. Initial findings have been favorable and further work to develop techniques and evaluate long term effects is needed. Perhaps closed captioning will indeed prove to be a key to using the motivating aspects of television for the teaching of reading.

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*If a captioned TV set is not available, a closed-captioned decoder can be attached to a regular TV. Both decoders and captioned television sets are available from the Sears, Roebuck and Co. catalogue.

For further information on closed captioning, write to the National Captioning Institute, 15th floor, 5203 Leesburg Pike, Falls Church, VA 22041.

STATEMENT OF GERILEE GUSTAVSON, PROFESSOR OF EDUCATION, GALLAUDET COLLEGE

Senator WEICKER. Dr. Gerilee Gustavson of the National Captioning Institute, professor of education at Gallaudet College.

Dr. GUSTAVSON. Good morning.

I come as a professor of education at Gallaudet College, director of the main communications center, and also as the immediate past president of the Convention of American Instructors of the Deaf, and current president of the Association on Education of the Deaf, and also as a deaf person.

I would like first to say thank you to the committee for its past support of the National Captioning Institute, and also for the provision of this magic box that has helped put deaf people more into contact with the world.

When the National Captioning Institute was first started, back in 1980, we were getting closed caption television about 15 hours a week, 15 hours of programming. Now it is up to 100 hours a week, and that is fantastic until we compared it with the number of hours that the average person in the United States gets to choose from, which is approximately 1,000 hours of programming a week.

We are getting there, but we are not there yet. Also, because of your past support, this is the second generation of decoders that is on the market. It is smaller, it is cheaper, and it is much more available. In the first 4 months that it has been on the market, we are very happy to report that there were 40,000 of these sold, which is five times more than the first generation decoders. I think that this shows the need for this kind of thing out there.

What we are asking for is continued support because there is a need for additional captioning, subsidies for the decoders for people who cannot afford it. The average deaf person in America makes an income of about 75 percent of that of a hearing person. Many of our kids, as you well know, have a very serious reading problem. They have difficulty in acquiring English language, and this relates to captioning, and access to captioned programming. This would give them more exposure to the language, and more exposure to the hearing world.

Also, the home videos and cable television, those markets are opening up. They make not only movies, but also children's programs, and Jane Fonda's exercise tapes, and that kind of stuff. Commercials, that is something that would be available to us as well.

The major concerns that I have personally are, for example, as a teacher, how to get kids interested in reading; how to expose them to English? I can't think of many things that would help more than this, but we are not yet serving enough people. It is not only the deaf people who are benefitting from this, but as you are aware, Americans are getting older, and we are not making this available enough yet to the people who are losing their hearing from the aging process.

We are not serving enough people who have less profound hearing losses. There is 1 person out of 15 in the United States today who has a measurable hearing impairment. It is a very noisy world out there, and we need some support to continue not only to caption more programs, but also to help develop even better, and even cheaper coders, and also to get the word out to people that it is available, to help parents get them for their hearing impaired kids, to help hearing children with learning disabilities, children and adults who have English as a second language, and the aging Americans.

We really would appreciate your continued support with this. Deafness cuts us off from people, from the world, from knowing what is going on. This is one of the best things that has ever happened to us in a long time.

I have with me a series of research reports that have been developed by the National Captioning Institute to show what has happened as a result of the decoders, and I would be happy to share them with your committee.

PREPARED STATEMENT

Senator WEICKER. Your statement and the reports will be included in the record at this point.

[The statement follows:]

STATEMENT OF JOHN E.D. BALL, PRESIDENT, NATIONAL CAPTIONING INSTITUTE

The National Captioning Institute (NCI) appeciates this opportunity to submit testimony in support of the FY 1987 budget needs of the Media Services and Captioned Films Branch of the U.S. Department of Education. NCI is now in its seventh year of service to the nation's hearing-impaired population, providing each year increasing access to television through its unique Line 21 closed captioned television technology. The Line 21 technology has become a defacto technical standard in North America and is fully compatible with the television standards common to the broadcasters, cablecasters and home video industry. The service requires the hearing-impaired viewer to purchase a "decoder" and attach it to his TV set in order to see the captions.

Since NCI submitted testimony last year, many encouraging developments have taken place and significant strides have been made towards extending the service to all hearing-impaired citizens. This progress stems in large measure from the strong support NCI continues to receive from Congress. Earmarking funds specifically to foster the growth of the service has played a major role in the progress to date. While it can be reported that the TV industry now fully endorses the service, and that its financial support is growing, it is still not at a level that would sustain the service. Federal support of the service still remains vital.

Back in 1980, NCI was established with federal funds, as a non-profit corporation to furnish captioning services to the TV industry and thereby open up the airwaves to hearing-impaired people for the first time. At that time a total of 15 hours of pre-recorded programs were captioned each week and broadcast on ABC, NBC and PBS. Today, almost 100 hours of programming are available every week, including live newscasts. All of the networks now cooperate in the provision of the service. Indeed last fall ABC became the first network to offer its full prime time schedule of programs with captions. More recently CBS announced it was increasing its volume of captioned programs. Also the Corporation for Public Broadcasting increased its financial support to ensure that hearing-impaired people could watch more public TV programs. The cable TV industry is showing commitment too and was recently commended by the President for its efforts (see Attachment 1). Showtime and Home Box Office now provide many of their programs with captions every week. The fast growing home video industry has also become a major supporter with CBS/Fox and RCA/Columbia among the leaders. Many television program producers, syndicators, advertisers and philanthrophic institutions are among the growing list of private sector supporters of the service. An interesting cooperative endeavor is the Pew Memorial Trust and ABC joint funding of "This Week with David Brinkley," captioned every Sunday morning; the first Sunday morning public affairs show to be captioned. NCI has also been successful during the past year in attracting to its Board of Directors, prominent figures in the television industry and the field of education (see Attachment 2). The NCI Corporate Advisory Council (CAC) has experienced a significant growth in membership during the past year under the chairmanship of Mr. Gerald Robinson, President and chief operating officer of The Kellog Company and with the strong support of Mr. Stuart D. Watson, Chairman, Heublein Inc., retired (see Attachment 3). The two major activities of the CAC are:

1) To advise and assist NCI in extending the captioning service to the largest possible segment of the hearing-impaired community by the end of this decade. (The CAC has set as the goal, at least 500,000 households. As part of that activity the CAC adopted a major national project through which low income deaf families and deaf school children will be able to buy decoders for much less than the recommended retail price of $199.99. NCI has instituted two such pilot programs; one in

Detroit and one in Chicago in which deaf school children can obtain a decoder for as little as $35.00).

and 2) To assist NCI to obtain greater financial support from the TV industry with the ultimate goal of having all TV programs captioned and paid for with non-federal funds.

NCI's Consumer Advisory Board (CAB), a group of prominent deaf leaders and professionals who work in the field of deafness, continues to be NCI's prime communication channel with the deaf community (see Attachment 4). The CAB oversees the disposition of the funds NCI receives through its Caption Club. Last year over 3,000 individuals and organizations contributed more than $100,000 to the club. NCI uses these funds as matching or challenge monies to persuade TV producers and others to share the cost of captioning their programs. The CAB also performs important information dissemination functions for NCI and has contributed much towards increasing the awareness of the closed captioning service within the deaf community.

The major event during the past twelve months clearly was the introduction of the new decoder, TeleCaption II. NCI spent close to two years and over $300,000 to develop this second generation device that incorporates the latest TV technology (see Figure 1). Its predecessor had been developed with federal monies back in 1979 and 100,000 were sold to the hearing-impaired community for approximately $280.00 each. Thanks to action taken by Congress, the Department of Education awarded NCI $1,500,000 to subsidize the manufacture of 50,000 Telecaption II units. As a result the unit became available in January of this year at a recommended retail price of $199.99, a 40% reduction in price over the previous unit. In actual fact the unit has been offered by some of NCI's dealers for as little as $160.00! The demand for the unit has exceeded all expectations. In little over three months 36,000 units have been ordered. Revised sales projections suggest that close to 100,000 units could be sold this year. This is surely compelling evidence that lowering the price of the unit and increasing the amount of captioned programming are essential for the healthy growth of this vital service. The appreciation of hearing-impaired people extends clear across the nation:

> "Recently I received a closed caption decoder as gift. No one knows how grateful I am. My heart is full! I am so grateful to you who spend so much time, cost and thoughtfulness in getting the captioned programs. Thanks is not enough!"
>
> Paia, Maui,
> Hawaii.

As has been said, "No one buys a hammer just to own it!" This is also the case, of course, with the decoder. Hearing-impaired people will only buy the unit if it provides them with access to a reasonable and growing volume of programs. The current fare of captioned programs seems a lot until it is compared to the programs that hearing people not only have available but actually watch today. Excluding cable TV programs and home video, the average home in many cities and towns today can select from over 1000 hours of broadcast programs each week. That's ten times the total amount of captioned programs. Also, the average home watches 50 hours of television every week. Until very recently there were no captioned programs broadcast for close to a ten hour period during the daytime. Now thanks to Procter & Gamble, the NBC midday program "Search for Tomorrow" is captioned. Hopefully, this is only the first of many daytime programs that will be captioned in the not too distant future.

> "I am a senior citizen of over 80 and
> I missed so much enjoyment because of
> my hearing loss. But with your machine
> I can enjoy my programs again."
>
> Howard Beach, New York

Many in the hearing-impaired community lose their hearing as a result of growing older. Accordingly, as the population ages, the number of hearing-impaired people will increase and closed captioning will assume an even greater social importance. However, for the old and infirm, captioned programs must be available during the daytime and early evening hours, if this large segment of the hearing-impaired community is to be adequately served by the service. Much remains to be done before captioned programs become a regular feature of daytime programs. NCI is committed to opening up that portion of the television schedule. Many in the private sector can be persuaded to follow Procter & Gamble's example. However, federal government support of captioned programs must be maintained if these efforts are not to be cancelled out by a reduction in federal monies. The service is still at a stage of evolution where the involvement of the private sector is conditional and dependent on the continuing involvement of the federal government.

> "I am 87 years and don't get out much especially evenings and it means so much to me that there is always a good program that is captioned. I listen to the 6:30 a.m. news in the morning and also Peter Jennings at 6:30 p.m. Lately there is a closed captioned news program at 6 p.m. on Saturday and Sunday."
>
> Fort Myers, Florida

Hearing-impaired people very much appreciate the closed captioned TV service and constantly write to NCI to express their thanks that more and more programs are being captioned for them. NCI can continue to make steady progress in this regard only if it retains the undiminished support of the federal government.

Children who are deaf form a special audience group that have all too few captioned programs. NCI's research shows that captions help them learn to read. There are thousands of deaf children that do not have decoders in their homes. As previously mentioned, NCI is attempting to solve the decoder shortage problem in cooperation with its CAC. However, more captioned children's programming must also be made available. Federal monies specifically earmarked for this purpose need to be allocated.

A sizable number of captioned children's programs every week could attract a second group i.e., learning disabled children. A recent study that NCI conducted, under a grant from the Department of Education, showed that captioned TV can be a useful educational tool for these special kids (see Attachment 5). It is understood that at least 1,500,000 learning disabled children are currently enrolled in the public school system. Parents of learning disabled need to become informed about the potential benefits of closed captioned TV for their children. Attracting that audience could transform the whole economic balance of the service and sharply reduce its dependence on federal support. NCI will be exploring this new service potential in the near future.

While this testimony hopefully indicates that the non-federal support of the closed captioning service is growing at an encouraging pace, it should also be making it clear that federal funds continue to play a critical role at this time.

In FY 1986 Congress appropriated $17,500,000 for Media Services and Caption Films and specified that $5,700,000 be used for closed captioned TV as follows:

Captioned programs:	$4,000,000
Decoder subsidies:	$1,000,000
Decoder development:	$ 500,000
Public awareness & consumer aid:	$ 200,000
	$5,700,000

Expenditures are not as yet complete for FY 1986.

In FY 1987 NCI recommends that Congress appropriate for Media Services and Captioned Films, with earmarking as indicated below, a total of $7,500,000 for closed captioned TV:

Captioned programs:	$5,000,000*
Decoder subsidies:	$1,500,000**
Decoder development:	$ 500,000***
Public awareness & consumer aid:	$ 500,000****
	$7,500,000

* This would reflect an increase of $1,000,000 over FY 1986, but we recommend that these additional funds be restricted to the captioning of children's programming.

** This would permit additional decoders to be manufactured to meet the high demand. This amount would subsidize a minimum of 50,000 units at $30 each.

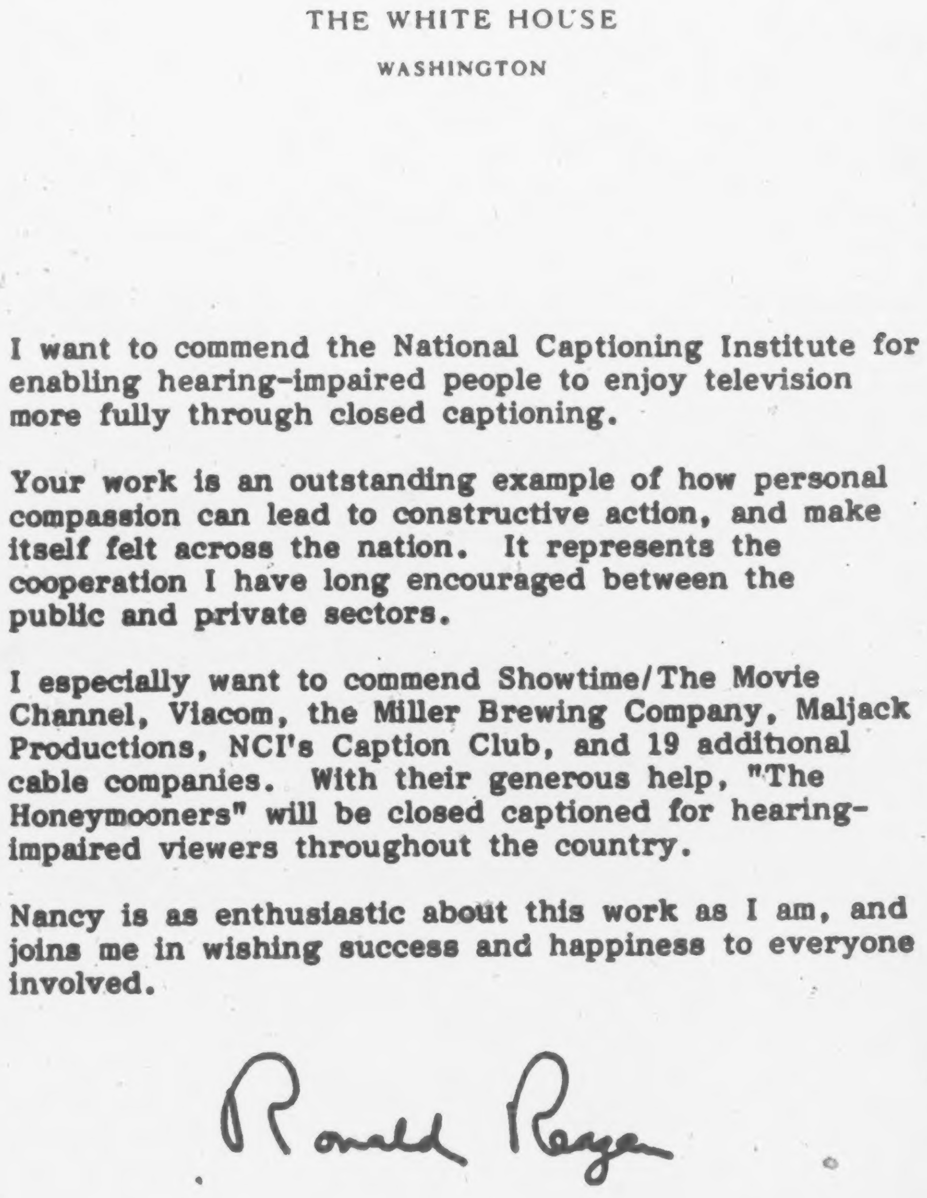
*** Decoder development remains to be a most important activity so as to reduce the manufactured cost and hence the consumer price of a third generation unit to be available in the 1988-89 timeframe.

****All too little has been done to alert the public and particularly the hard-of-hearing population about the service.

NCI believes the above are critical funding areas that fit the leadership role that Congress has played in the development and growth of the closed captioned TV service. If the goals NCI has adopted in concert with its CAC are reached by the end of this decade, the service will have reached maturity and be accepted as any every day facet of our nation's television service with little or no need for further federal support.

NCI wishes to express its sincere appreciation for the confidence Congress and the Department of Education has shown in giving NCI such a crucial role to play in the development of this so vital a service for so many previously ignored hearing-impaired people. The National Association of the Deaf recently expressed its appreciation to NCI also (see Attachment 6). We believe we have been true to our mission and we intend to continue to earn such confidence through our future endeavors. Thank you for this opportunity to submit this testimony.

Attachment 1



THE WHITE HOUSE
WASHINGTON

I want to commend the National Captioning Institute for enabling hearing-impaired people to enjoy television more fully through closed captioning.

Your work is an outstanding example of how personal compassion can lead to constructive action, and make itself felt across the nation. It represents the cooperation I have long encouraged between the public and private sectors.

I especially want to commend Showtime/The Movie Channel, Viacom, the Miller Brewing Company, Maljack Productions, NCI's Caption Club, and 19 additional cable companies. With their generous help, "The Honeymooners" will be closed captioned for hearing-impaired viewers throughout the country.

Nancy is as enthusiastic about this work as I am, and joins me in wishing success and happiness to everyone involved.

Ronald Reagan

Attachment 2

NCI BOARD OF DIRECTORS

The National Captioning Institute is governed by a Board of Directors representing varied fields of expertise who individually have a demonstrated interest in the public good, particularly as it relates to television and hearing-handicapped citizens.

John E. D. Ball	President & Chief Operating Officer, NCI
*John A. Koskinen, Chairman	President and Chief Operating Officer, Victor Palmieri and Company
*Don E. Weber	Commercial development; oil & gas investments
Nanette Fabray	Television, stage, & film actress
Norman Lear	Television Programming Executive
Edmund H. North	Screen Writer, active in Writers Guild of America; recipient of many honors including an Academy Award
*Dr. Frank B. Sullivan	Grand President, retired, National Fraternal Society of the Deaf; former teacher of the deaf
Mrs. Dollie Cole	Chairperson, Dollie Cole Corporation
*Warren H. Simmons, Jr.	Senior Vice President, retired, R. H. Macy & Co.; consultant - Human Resource Development
*Dr. Edwin W. Martin	President and Chief Executive Officer, Human Resources Center
*Dr. Edward C. Merrill, Jr.	Former President, Gallaudet College
Julius Barnathan	President, Broadcast Operations & Engineering, ABC
Howard N. Nemerovski	Senior Member, Howard, Rice, Nemerovski, Canady, Robertson and Falk
Dr. John R. Silber	President, Boston University
Leonard White	President, Consumer Products Division, CBS/Fox Video
Myron P. Curzan	Partner, Arnold & Porter

*Executive Committee

2/26/86

Attachment 3

CORPORATE ADVISORY COUNCIL
OF THE
NATIONAL CAPTIONING INSTITUTE

Members

AT&T Foundation
The Advertising Council, Inc.
American Association of Advertising Agencies
American Broadcasting Company
Anheuser-Busch, Incorporated
CBS/Fox Video
CSC Advertising, Inc., Campbell Soup Co.
Calet, Hirsch & Spector Advertising
The Coca-Cola Company
The Disney Channel
Embassy Home Entertainment
Embassy Television
Equitable Life Assurance Society of the United States
General Foods Corporation
General Motors Corporation
Giant Food Incorporated
Group W Productions
HCM Advertising
Hallmark Cards, Inc.
H.J. Heinz Company Foundation
Home Box Office, Inc.
IBM Corporation
Keebler Company
Kellogg Company
Kentucky Fried Chicken
Kraft, Inc.
LBS Communications Inc.
McDonald's Corporation
Miller Brewing Company
Mobil Corporation
Nabisco Brands, Inc.
National Broadcasting Company
New World Video
Paramount Pictures Corporation
The Pillsbury Company
Prudential Insurance Company of America
RCA/Columbia Pictures Home Video
Robert Schuller Ministries
Sears Roebuck & Company
Showtime/The Movie Channel, Inc.
Texas Instruments, Inc.
Tribune Cable Communications
Vestron Video
Walt Disney Home Video
Warner-Lambert Company
Xerox Corporation

Volunteer Consultant

Mr. Stuart D. Watson, Chairman, Heublein Inc., retired

(46 members)

4/4/86

Attachment 4

NCI CONSUMER ADVISORY BOARD MEMBERS

Dr. Frank B. Sullivan (Chairman) Gaithersburg, Maryland	Grand President, Retired (1984) National Fraternal Society of the Deaf
Patricia A. Clickener Chicago, Illinois	Associate Research Director Leo Burnett, USA
Taras B. Denis Elmsford, New York	Consultant to Headmaster/Teacher New York School for the Deaf
Alexander H. Ewan, Jr. College Park, Maryland	Government Printing Office
Father Gerard Howell Chalmette, Louisiana	Roman Catholic Priest Prince of Peace Church
Dr. Lawrence Newman Riverside, California	Assistant Superintendent California School for the Deaf - Riverside
William H. Peace Raleigh, North Carolina	State Administrator North Carolina Council for the Hearing Impaired Division of Vocational Rehabilitation
Dr. Robert Sanderson Roy, Utah	Director (Retired) Utah Community Center for the Deaf
Elizabeth Spellman Cranston, Rhode Island	Director Adult Services & Sign Language Program Rhode Island School for the Deaf
Charles Williams Cleveland, Ohio	Yard Superintendent Cuyahoga County Engineer's Department

(NOTE.—See statement of Harry P. Cain for attachment 5.)

Attachment 6

WHEREAS, the National Captioning Institute, Inc., a non-profit organization which exists solely for the purpose of making television more accessible to hearing impaired citizens, has demonstrated that it really cares for the desires and needs of children, adults, infirm and underprivileged citizens whose hearing is impaired by promoting increasing access to all types of television programming through the use of closed captioning, and

WHEREAS, in addition to many popular network and cable television programs, NCI has arranged for hearing impaired viewers - either at its own expense or through the contributions of corporations/foundations - access to the benefits of unique program services such as Program Listing Update Service (PLUS), Hearing Impaired News Text Service (HINTS), real time captioning for all presidential television addresses and press conferences, special news events such as the hostages crises, sports events such as the Super Bowl and World Series, and

WHEREAS, NCI has established and maintains excellent working relationships with all four major networks and all major cable television systems and has been the exclusive force behind the proliferation of closed captions on movies in videocassettes, and

WHEREAS, through extensive research and development NCI has been responsible for the production of a second generation decoding adapter which incorporates state of the art technologies while reducing the retail cost to a level which will make it affordable to thousands of hearing impaired persons who otherwise would be deprived of the educational, social, cultural and entertainment benefits of closed captioning, and

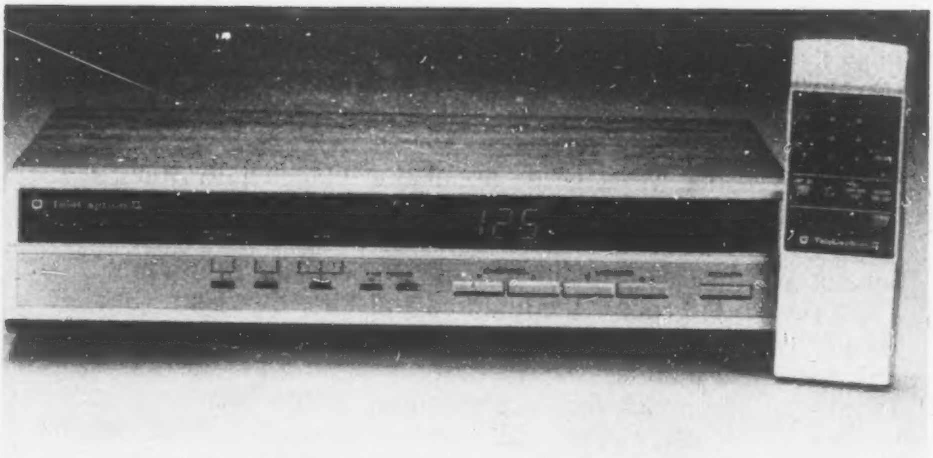
WHEREAS, accomplishment of all of the foregoing has evolved from the skills of NCI's outstanding staff personnel in securing contracts, corporate and foundation gifts, and contributions from enthusiastic and grateful consumers from all over the nation, many of whom also are members of the National Association of the Deaf, therefore

BE IT RESOLVED that the Board of Directors of the National Association of the Deaf expresses gratitude to the National Captioning Institute, Inc. for its varied contributions to life enrichment for all hearing impaired persons, and extends support to the continuing efforts of this agency to provide ever-increasing amounts of access to all forms of electronic media programs which benefit and enrich the lives of viewers of such programs whose hearing is significantly impaired by bringing full understanding and enjoyment, which in turn brings these otherwise isolated persons closer to the mainstream of society.

BE IT FURTHER RESOLVED that a copy of this resolution be included in the minutes of the meeting of the NAD Board of Directors, November 15-17, 1985, a copy be forwarded to the National Captioning Institute, Inc., and to the United States Department of Education.

Signed this 17th day of November, 1985.

Larry Forestal, President
HARVEY Jay Corson, Vice-President
John F Levesque, Sec'y-Treasurer
T. Alan Hurwitz, Past President
Lawrence Newman, Pres.-Elect
G Leon Curtis, Board Member IIII
Roslyn Rosen, Board Member I
Nancy B. Rarus, Board Member IV
Jan Ann Stelter, Board Member III
Walker Board Member III
Philip Bravin, Board Member I
Board Member II
, Board Member II



WASHINGTON, D.C. - The National Captioning Institute (NCI) introduces TeleCaption II the Second Generation Adapter.
The TeleCaption II Adapter (left) is state-of-the-art, sports a sleek new look, comes with 181 channel capacity (UHF, VHF and Cable), has a digital readout panel and carries a suggested retail price of $199.95.
The remote control pad (right) comes with TeleCaption II and allows the consumer to change channels from the comfort of an easy chair.

(NCI photo) (10-85) -30-

CONTACT: Lottie W. Gatewood
Public Affairs Specialist
(703) 998-2462 (voice &TDD)

FIGURE 1

Senator WEICKER. How much does that unit cost?

Dr. GUSTAVSON. The present unit is on the market for less than $200. Some of the dealers have it discounted for less than $160. I am still waiting for one small enough to travel with me everywhere I go.

Senator WEICKER. How does it work?

Dr. GUSTAVSON. It is not that difficult. I can hook it up to the television myself. All you do is to hook it up to the television, plug it in, hook it up to the antenna, and what it does, it shows on my television the closed captions that are put there on some stations and some programs. If you do not have the decoder, you do not see the caption, and with the decoder, you do see them.

Senator WEICKER. In other words, the captioning is the responsibility of the originator of the program; is that correct?

Dr. GUSTAVSON. Well, basically what happens is that there are two kinds of captioning. One is done in advance, and one is live. If it is done in advance, it is on the tape, and it is done by places like the National Captioning Institute. When the television stations broadcast these programs, the signal for captioning is broadcast at the same time, and it is only picked up by the televisions that have decoders. Not every program has this.

Senator WEICKER. How many decoders do you estimate are in use at the present time as compared to what number of population that could use them?

Dr. GUSTAVSON. OK. First, about the number of the population, there are more than 16 million Americans with a hearing impairment.

VOICE FROM THE FLOOR. I am with the National Captioning Institute, and we are now in 140,000 households.

Senator WEICKER. What is the population that literally without captioning would be unable to listen to a program?

Obviously, in that 16 million hearing impaired persons, that is everything from the most severe to the least impaired.

VOICE FROM THE FLOOR. Right.

Senator WEICKER. What is the population that literally could not receive a program unless it were captioned?

VOICE FROM THE FLOOR. It is 3.2 million.

Senator WEICKER. How many of these decoders are in use now?

VOICE FROM THE FLOOR. One hundred and forty thousand.

Senator WEICKER. One hundred and forty thousand out of a total population of 3.2 million.

Thank you very much for your testimony. It has been very, very enlightening. Obviously, as you said, much more needs to be done, and it will be done.

Dr. GUSTAVSON. Thank you very much.

STATEMENT OF SUZAN SHOWN HARJO, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS

Senator WEICKER. Our next witness is Suzan Shown Harjo, the executive director of the National Congress of American Indians.

Ms. HARJO. I am Cheyenne and Creek from the Cheyenne Arapaho Tribes of Oklahoma, and I am executive director of the National Congress of American Indians, which is the oldest and largest national Indian organization.

I am here representing our membership, which is comprised of Indian governments as well as Indian individuals. Our people are ill-housed, in ill-health, unemployed, and very poorly educated.

We should be better off. We should be rich, rather than poor. We would be if all the treaties that the United States entered into with the Indian nations had been fulfilled, and the promises kept, promises against encroachment, promises to make the deserts bloom in exchange for removal to arid reservation lands.

Some of the promises are very specific.. Education, health, housing.

We are in the situation we are where we don't own what we should, and where we don't control what we own, and we have to come to the Congress to beg for what we are entitled to, to get us out of a situation that we should never have been in in the first place.

In the vocational rehabilitation area, which is the first area addressed in our written testimony, under current law, we are authorized to receive up to 1 percent of the total funds that are appropriated, and that would be about $10 million annually. What we have received, we, the tribes, have received, in fiscal year 1984 was $750,000, rather than the $10 million. In fiscal year 1985, it was $1.5 million, rather than the $10 million. In fiscal year 1986, it was only $1.2 million.

We, of course, are asking for a set-aside, an earmarked amount, since it is obvious that we are not getting what we are entitled to, and what we should have.

Indian people do suffer from debilitating conditions to a greater extent than any other racial population. I don't know if you are aware of this, but the highest recorded incidence of diabetes, for example, exists on an Indian reservation, and that is the highest in the world, at the Healer River Indian Reservation outside of Phoenix, AZ.

The second highest recorded incidence of diabetes exists on an Indian reservation in this country, in Arizona, on the Papago Reservation, and down through No. 8. We are talking about very severe forms of diabetes that result in amputation of limbs and so forth. On those reservations, it is higher than 95 percent, the diabetic populations.

We are also talking about areas that are very isolated geographically, and it is difficult to get to hospitals and clinics for these people. The Papago, for example, are just a few thousand people, but their reservation is the size of Connecticut, slightly larger than Connecticut.

The incidence of diabetes in our Indian populations is exceeded only by the incidence of joblessness today. On some of our reservations, as difficult as it may be to believe, we have as high as 95 percent unemployment. The average on most reservations goes between 50 and 65 percent, and the Bureau of Indian Affairs has identified 17 medium and large size reservations with 75 percent unemployment.

We have the highest rate of teenage suicide in this country, yet the administration has proposed a dramatic decrease in the Summer Youth Program, which has been very helpful to giving some hope and some form of recreation to our children.

PREPARED STATEMENT

I thank you for your time. We have addressed other matters here, and we need a lot of help.

[The statement follows:]

STATEMENT OF SUZAN SHOWN HARJO

On behalf of the National Congress of American Indians, the nation's oldest and largest membership organization representing American Indian and Alaska Native governments and people, thank you for the opportunity to comment on several appropriations issues under this Subcommittee's jurisdiction.

VOCATIONAL REHABILITATION

While the incidence of disabling conditions among American Indians and Alaska Natives is one and one-half times greater than the rest of the American population, tribal governments have not generally been the recipient of vocational rehabilitation funds. Until last year, only the Navajo Nation had a vocational rehabilitation program. In 1985 two additional tribes - Chippew Cree and Yakima - received vocational rehabilitation funding.

The current Vocational Rehabilitation law authorizes up to 1% of its funds for tribes. If this authority for tribal funding had been used, tribes would be receiving about $10 million annually, instead of the $750,000 they received in FY1984, $1.5 million in FY1985 and $1.2 million in FY1986. Legislation now moving through the House Education and Labor Committee would require that at least one quarter of one percent of Vocational Rehabilitation monies be reserved for tribes. If this legislation, H.R. 4021, is not signed into law prior to the appropriations bill coming out of Committee, we urge that at least the FY1985 level of $1.5 million be earmarked for tribes.

We would also like to bring to your attention that under the FY1986 Gramm-Rudman sequestration, state Vocational Rehabilitation programs were allowed to be cut by only the amount of COLAs, while Indian Vocational Rehabilitation programs were cut by the full 4.3%. This unfair situation was probably an oversight, but the FY1986 loss to Indian programs should be restored and the law corrected for FY1987.

JOB TRAINING PARTNERSHIP ACT

The Administration's proposal for the Native American program authorizec in section 401 of the Job Training Partnership Act calls for a

FY1987 funding level of $60.1 million, down from a FY1986 level of $62.2 million pre-Gramm-Rudman and $59.5 million after sequestration. The request for the Title II-B Summer Youth Program is very disturbing. The request for that program for FY1987 is $7.8 million, down from a FY1986 level of $12.1 million pre-Gramm-Rudman and $11.6 million after sequestration.

Nearly 200 Indian tribal governments, inter-tribal consortia, native Alaskan groups, off-reservation Indian nonprofit organizations and a native Hawaiian group participate in the Native American JTPA program. Approximately 30,000 Indian workers benefit from this program. In addition, over 130 of these groups, primarily tribal governments, participate as direct grantees under the Title II-B Summer Youth program

Indian JTPA programs operate in communities suffering from catastrophic levels of unemployment. The last official Bureau of Indian Affairs survey of reservation labor market conditions listed seventeen medium-sized and larger reservations with joblessness rates of 75% or more.

The human toll these conditions take among our people is appalling. Recent outbreak of teen-aged suicide are just one symptom of the problems.

Despite these very difficult economic circumstances, Indian employment and training programs are doing a good job in bringing new skills and new hope to Indian workers.

The only formal evaluation of our program which the Department of Labor ever sponsored found that Indian programs are successful. The evaluation, highlighting Indian programs during the transition from CETA to JTPA, recorded the efforts of grantees to honor the spirit as well as the letter of the law. Emphasis on private sector job linkages, training and performance results were all apparent in the study's findings. We find it strange that Labor Department officials have apparently never communicated the results of this study to your Committee or to other members of the Congress.

Given the monumental unemployment in Indian country we request that at a minimum the JTPA title IV, Section 401 and the Title II-B Summer Youth Program be restored to their FY1986 pre-Gramm-Rudman levels of $62.2 million and $12.1 million respectively.

LIBRARY SERVICES

The Administration has proposed no FY1987 funding for Library Services. The FY1986 level of funding was $127.5 million pre-Gramm-Rudman and $122 million after sequestration.

Libraries in Indian country are few and far between. Even at the tribally-controlled colleges, the library resources are far from adequate. One impediment to tribal colleges obtaining full accreditation is the need for development of adequate libraries. We were very pleased when the Library and Services Construction Act was signed into law in 1984 which included set-aside funding for tribal governments. That was a crucial foot in the door for development of library services in Indian country. We ask you to reject the Administration's proposal for termination of library services and construction, and to protect these programs which are of such potential importance to Indian and Native peoples.

IMPACT AID

We are very concerned with the Administration's FY1987 budget proposal for the construction portion of Impact Aid. The proposal is for $5 million, down from a FY1986 appropriation of $17.5 million pre-Gramm-Rudman and $16.7 million after sequestration. The Department of Education's budget justification reads, "For construction, funding would be reduced from $18 million to $5 million. In districts with federally connected children, a significant level of school construction activities is carried out by the Department of Defense, resulting in a diminished need for funding by the Department of Education." The Department of Education and/or the Office of Management and Budget must have created a new definition for "need". The Construction office of Impact Aid has told us that in FY1985 there was approximately $300 million in construction requests - $300 million in requests for a $20 million pot of money. Probably some schools, knowing of the miniscule chance of receiving construction funds, did not bother to make application. In FY1985 $8.5 million of the $20 million in construction funds went to Indian school districts.

The Department of Education is proposing a change in the Impact Aid payment schedule whereby a school would be considered 100% impacted only if 50% or more of their students are federally connected. Under current regulations a school is considered 100% impacted if 20% or more of the students are federally connected. We question whether this is a good idea as most of these schools will not have local revenue to make up the loss of Impact Aid. In addition, the Department of Education has yet to say which schools will be affected and how much money they can expect to lose or how it will interact with the new Local Contribution Rate. We ask the Subcommittee to require a thorough analysis of the consequences of a new payment schedule before the proposal can proceed.

VOLUNTEERS IN SERVICE TO AMERICA (VISTA)

VISTA is the only agency within Action for which the Administration has requested a FY1987 budget cut. VISTA is also the only full time anti-poverty program in Action. Its' focus is exclusively anti-poverty and all its intended beneficiaries are people living in poverty. The FY1987 budget request for VISTA is $17.8 million, down from a FY1986 level of $19.1 million pre-Gramm-Rudman and $18.1 million after sequestration.

The VISTA program has gone from a $36 million budget in 1981 with 5000 volunteers and 900 projects to a 1986 funding level of $18.1 million with 2612 volunteers and 542 projects. While the current law authorizing VISTA specifically mentions assignment of volunteers "in meeting the health, education, welfare or related needs of people living on reservation or federal trust lands", the program, particularly in recent years, has not funded many projects in Indian country. In 1968, for instance, there were 49 Indian VISTA programs with 229 voluntee In 1985 there were only 9 Indian VISTA programs with 52 volunteers, out of a total of 500 projects and 2600 volunteers.

We request that VISTA be funded at its $25 million authorization level, that the Literacy Corps contained in the House VISTA reauthorization legislation, H.R. 4116, be funded at $2 million as authorized in the bill, and that VISTA be required to more actively recruit for projects in Indian country. We like the change made in VISTA in recent years whereby volunteers are recruited locally. Recruitment of non-Indian volunteers for reservation-based programs has often proved unsuccessful.

GRANTS TO TRIBES FOR NUTRITION AND OTHER SERVICES

The Administration is requesting $7.5 million in FY1987 for Grants to Tribes for Nutrition and Other Services, a program of great value to the rural elderly Indian people on reservations. In the past few years the number of tribes eligible for this program has nearly doubled, while the funding has gone up only about one quarter. While we welcome expanded tribal eligibility, we also feel that an appropriation of $9 or $10 million is needed to keep pace with the increased usage of the program. Currently 127 tribes are eligible for this program.

Senator WEICKER. Let's go to the first item that you mention in your testimony. This is vocational rehabilitation?

Ms. HARJO. That is right.

Senator WEICKER. You say that the law states that you are to get 1 percent.

Ms. HARJO. Up to 1 percent. We are eligible for up to 1 percent.

Senator WEICKER. The amounts have gone from roughly around $750,000 to $1.5 million?

Ms. HARJO. To $1.5 million, and then to $1.2 million, as opposed to $10 million each year.

Senator WEICKER. How is this money used as far as the Indian reservations are concerned, can you tell me that?

Ms. HARJO. The funding is used to educate in some sort of service situation the disabled Indian people, and it is being used on three reservations now—Navajo, Chippewa Creek, and Yakima. They are working in traditional areas, as well as in nontraditional areas.

What other tribes would do, if they had that funding, I do not know. It would be something very specific to those tribes.

Senator WEICKER. I can't do probably all that I would like to do in terms of various programs, but I certainly can do something about the appropriations. We might as well take first things first.

Has this amount been earmarked in the past?

Ms. HARJO. No.

Senator WEICKER. This is the way it comes out vis-a-vis the administration of the funds.

Ms. HARJO. The administration of the funds. It has not been earmarked in the past, and we are asking that $1.5 million at least be earmarked for tribes.

Senator WEICKER. Let me take a look at this particular problem. Counsel indicates to me that this is indeed a problem as you have stated. Let's see if we can up the pool of money that is available for use by the various tribes.

I couldn't agree with all of your statements, I am not an expert, certainly in Indian affairs, but I certainly will agree with all aspects of your testimony. I feel that clearly we ought to do whatever we agreed to do, period.

Senator Burdick.

Senator BURDICK. Yes; thank you, Mr. Chairman.

I am curious, are we allocating vocational rehabilitation money on a tribe-by-tribe basis, or across the board, or how is it done?

Ms. HARJO. Apparently, it is not being done very well. Some administrative moneys are being set aside, and one tribe, the major tribe, the Navajo has applied, apparently then the administrators feel that they have fulfilled their obligations, and that other tribes should come back at another time when there is more money generally.

Senator BURDICK. That is what I am saying, they are allocating it almost tribe by tribe.

Ms. HARJO. By fiat, yes.

Senator BURDICK. The Chippewa, the Sioux, and the rest have to wait their turn; is that the idea?

Ms. HARJO. Apparently so, and we think that it is not the appropriate way to administer these funds.

Senator BURDICK. I am going to have to look into that a little bit, I think.

Ms. HARJO. We appreciate that.

Senator WEICKER. Thank you very much for your testimony.

STATEMENT OF T.C. JONES, D.V.M., PRIMATE RESEARCH CENTERS PROGRAM, AND PROFESSOR-EMERITUS, NEW ENGLAND REGIONAL PRIMATE RESEARCH CENTER, HARVARD MEDICAL SCHOOL

Senator WEICKER. Dr. T.C. Jones, Primate Research Centers Program, and professor at the New England Regional Primate Research Center at Harvard Medical School.

Dr. JONES. I wish to thank you, Mr. Chairman, and members of the subcommittee for your past understanding and support of the Primate Research Centers Program. I would like to make and emphasize a few points that are in my written statement, and I will try to do this briefly.

First, I would point out that the annual budget of the Primate Research Center Program is currently approximately $22 million, which is over $7 million less than the NIH Advisory Committee recommended ceiling, and this means, at the present time, that the centers do not have all the space and resources they need to meet the needs of investigators who have federally funded projects, and who have had to use the primate research center.

In addition, two events have placed unanticipated financial burdens on the primate centers. The first is found in the new "NIH Guide for the Use and Care of Laboratory Animals," which was revised in 1985. This guide makes one change on the size of cage required for certain primates, which will cost the primate centers program $1 million just to replace the cages, and will also require additional space. This is an unbudgeted item.

The second event is Public Law 99–198, which is the Improved Standards for Laboratory Animals Act, signed by the President on December 23, 1985, and this will undoubtedly impose additional financial burdens on the primate centers, although the exact cost is yet to be estimated. We don't know what it will cost.

I refer to a document, which is attached to my statement, which is a report on the plan to address the immediate and long-range financial needs of the primate research centers from the Department of Health and Human Services, dated January 1986. This document says, in part, "The numerous contributions made by the centers during the past 20 years leave little doubt of their importance to the health and well being of mankind."

I hope that this committee will continue with support and appreciation of the unique contributions of the primate research centers.

Thank you very much.

PREPARED STATEMENT

Senator WEICKER. Thank you, Dr. Jones.

Senator Burdick.

Senator BURDICK. It was great to hear from you. Thank you.

Senator WEICKER. Likewise.

Mr. JONES. Thank you.

[The statement follows:]

STATEMENT OF T.C. JONES

I am Dr. T. C. Jones, Professor of Comparative Pathology Emeritus, of the New England Regional Primate Research Center at The Harvard Medical School. I am here representing the seven Regional Primate Research Centers located across the Nation.

May I first take this opportunity to thank the members of this Committee for the support and recognition you have given the Primate Centers Program. Research at the Primate Centers has contributed greatly to our knowledge and understanding in the areas of cardiovascular diseases, maternal/infant relationships, diseases of the newborn, mental retardation, reproductive biology, infectious diseases, and diseases of the central nervous system. Quoting from a document which addresses the immediate and long range financial needs of the primate research centers, prepared by the Office of the Director of the N.I.H. (copy attached, "The numerous contributions made by the Centers during the past 20 years . . . leave little doubt of their importance to the health and well being of mankind." In addition to research on human health and disease, the Centers study naturally occurring diseases of primates, methods for husbandry and care, and breeding techniques to increase the supply of primates. Indeed, research in these areas will help to prevent many species from extinction.

The Centers also provide unique facilities and resources to the entire biomedical community. At my Center alone, there are presently 127 investigators from 37 institutions conducting independent or collaborative research at the Center. These other institutions include a broad spectrum: the Centers for Disease Control, Yale, Rockefeller University, University of California, National Institute for Alcohol Abuse and Alcoholism, Dana-Farber Cancer Institute, Massachusetts General Hospital, University of Erlangen (Germany), the Genetics Institute, Tulane and Tufts and Brown Universities.

The long term needs of the Primate Center have in part been brought to this Committee's attention and through your help modest progress has been made in maintaining and upgrading the facilities and resources for animal care and research.

We must, however, continue to address Center needs to ensure that programs of exemplary animal care are maintained, that the requirements for Public Health Service supported research can be met, and that continuing progress is made toward breeding adequate numbers of primates.

This country is in many respects in poorer shape today than it was a decade ago with respect to availability of primates for research and depreciation of the physical resources to support this research. Demands on existing facilities exceed the available space and the scarcity of primates leaves many government funded programs unfulfilled. As example, it is clear that the primate models of AIDS can significantly contribute to helping resolve the AIDS epidemic in this country and that primates will be required for the development of a safe and effective vaccine. We are not pursuing this with the vigor that society expects, not due to a lack of scientific expertise, but because adequate facilities and number of animals are not available.

Further stressing the Primate Centers resources and their budget is the new "Guide for the Care and Use of Laboratory Animals", NIH publication No. 85-23, revised in 1985, which promulgates new caging standards for primates. This alone has developed a Center-wide need for over 1 million dollars for replacement caging.

Additionally, last year Congress passed new legislation, Public Law 99-198, title XVII, Subtitle F, commonly known as the "Improved Standards for Laboratory Animals Act" which was signed by the President on December 23, 1985. The full impact of this legislation is yet to be determined, but without any question, it will impose a major financial burden on the Centers to provide modified housing, and will simultaneously reduce our Nation's primate resources — resources which, as I have stated, are already thin.

I urge this Committee to carefully review the Primate Centers' budget and make every effort to provide adequate support to meet N.I.H. policy and the new Federal legislation. I fully realize that this is a difficult time and that Congress is faced with many budgetary responsibilities, but the Primate Centers Program is small and can ill afford a reduced appropriation.

Congress showed wisdom in the creation of these Centers, and the Centers in turn have lived up to their responsibilities. It is a program to which we can all look with pride.

REPORT ON PLAN TO ADDRESS THE IMMEDIATE AND LONG RANGE FINANCIAL NEEDS OF THE REGIONAL PRIMATE RESEARCH CENTERS

INTRODUCTION

In its report on the Fiscal Year 1986 budget for the Department of Health and Human Services, the House Committee on Appropriations stated:

> "The Committee is becoming increasingly concerned over the level of funding for the primate centers located throughout the country. It is imperative that these centers maintain the highest standards in the care and treatment of animals. As a result, the Committee requests the Division of Research Resources (DRR) Director to prepare a plan to address the immediate and long range financial needs of these centers. The plan should be made available to the Committee before its consideration of the 1987 budget." (House Report No. 99-289, page 76)

The following report has been prepared by the National Institutes of Health of the Department of Health and Human Services in response to this request.

BACKGROUND

The National Institutes of Health (NIH) recognized the value to biomedical and health research of establishing a durable network of primate research centers, regional and national in scope, almost three decades ago. Responding to an NIH proposal to establish seven regional primate research centers, Congress appropriated funds in 1960 and 1961 to purchase land, construct buildings, and provide for the ongoing operational support of the centers. By 1965 construction of facilities was complete and the seven centers located in Beaverton, Oregon; Covington, Louisiana; Atlanta, Georgia; Seattle, Washington; Madison, Wisconsin; Southboro, Massachusetts; and Davis, California, were operating. These same centers presently make up the Regional Primate Research Centers Program (RPRC). The mission of the RPRC Program is to provide specialized resources (physical facilities, technology, professional and technical staffing, and a variety of primate species) for research studies applicable to the solution of human health problems.

This program involves the cooperation of major academic institutions and allows the pursuit of many types of biomedical studies that require the use of nonhuman primates. The numerous contributions made by the centers during the past 20 years in the areas of reproductive biology, population control, maternal-infant relationships, disease of the newborn, mental retardation, nutrition, infectious diseases, cardiovascular diseases, diseases of the central nervous system, and behavioral sciences leave little doubt of their importance to the health and well-being of mankind. In addition to investigations of human health-related problems, the centers study naturally-occurring diseases of primates, methods for primate husbandry and care, and breeding techniques to increase the supply of primates.

The facilities and resources of the centers are available to affiliated and collaborative investigators, visiting scientists, graduate students, and postdoctoral students. The centers are also national resources for biological materials (e.g., blood, sera, tissue) and information derived from nonhuman primates that are needed by scientists working elsewhere.

CENTER ADMINISTRATION AND OPERATION

The Division of Research Resources (DRR) supports the seven centers with base operating grants. These peer-reviewed resource grants provide a stable, long-term source of support for administrative, service, and core research costs, including salaries of members of center core staff. Each center has a director and a core staff of professional and supporting personnel.

NIH base operating grants generally provide no more than half of a center's annual budget. Research grants and contracts awarded by Public Health Service (PHS) agencies to core scientists and collaborating or affiliate investigators also provide support, as does funding from other federal agencies and sponsors. Cooperative projects are also sponsored in centers by commercial and industrial organizations such as drug and pharmaceutical firms. Center host and grantee institutions have, in many cases, provided significant support on a cooperative or matching basis. A good example of such a cooperative effort is the building recently purchased by a host institution that will be renovated with special federal improvement funds to provide facilities that are needed for accreditation of the center's animal care program.

IMMEDIATE CENTER NEEDS

An extensive assessment of center needs was undertaken in 1983 as a result of increasing recognition that center physical facilities and equipment, with an aggregate value of more than $100 million, were seriously deteriorating and becoming out of date. An evaluation panel of outside experts noted the fact that the centers had been constructed in the early 1960s and that repairs, remodeling, and in some cases, expansion of physical facilities were necessary. Similar concerns were expressed about worn out and obsolete equipment, particularly inadequate caging and housing for center animals. These problems made it unlikely that each center could continue to provide optimal care and maintain accreditation by the American Association for the Accreditation of Laboratory Animal Care (AAALAC). They also seriously threatened the center program goal of becoming self-sufficient in breeding the most commonly used species. The results of this assessment showed that accomplishing needed center improvements would cost $13.5 million.

A five year program was begun in 1984 to address these needs with an earmark of $1.0 million included in report language in the 1984 appropriation bill. Additional Federal allocations totalling $2.5 million through FY 1984 and 1985 have made possible a number of improvements. These have included the replacement of leaking roofs, upgrading sewage systems, bringing utility services up to code, providing sources of emergency power, purchasing modern caging, and renovating and re-equipping animal facilities and laboratories. The substantial progress made has resulted in six of the seven centers now being accredited by AAALAC, and the expectation that the seventh one will be accredited within the next year. Unforeseen expenses have been added this year to the improvement program. The basic reference document for implementation of the Public Health Service's animal welfare policy, the "Guide for the Care and Use of Laboratory Animals" as revised in 1985, now recommends larger cages for one of the most numerous classes of macaque monkeys. Purchase of these cages and provision of the space that will be necessary to accommodate them will cost approximately $2.0 million. With the incorporation of this change, it is estimated that a total of $12.0 million will be required for completion of the program in addition to the $3.5 million that has already been allocated.

LONG TERM NEEDS OF THE PRIMATE CENTERS

Principal long term center objectives include assuring that: 1) programs of exemplary animal care are maintained, 2) there is improved accommodation to the needs of outside investigators, 3) continuing progress is made towards becoming self sufficient in producing those species needed in center programs that can be bred domestically, and 4) cooperative programs with institutions in source countries are strengthened to provide access to those species that cannot be bred in sufficient numbers domestically.

Experience has shown that center facilities and programs must be more responsive to changing circumstances and research needs if they are to fulfill their intended purpose. For example, the appearance of diseases such as acquired immunodeficiency disease (SAIDS) now makes it clear that present facilities in many cases must be improved to provide an environment that better limits transmission of this disease. Similarly realization of the great potential SAIDS offers as a model for studies of human AIDS has been slowed because of limited laboratory and containment space. Demands on facilities are also occurring because of the increasing value and scarcity of primates. Monkeys are being kept longer, used less in terminal studies, and shared more often; accordingly they are becoming older and larger. For example, the proportion of larger monkeys in the colony of one center has doubled in just four years. The scarcity of nonhuman primates and the resource intensive and long term nature of research associated with their use is also resulting in requests by an increasing number of outside investigators to use the centers. In many cases, these investigators cannot be supported because available space and other center resources are already fully committed.

Overall, the most pressing long term need is for space for additional animal holding and for breeding. Specifically, additional facilities of appropriate design are needed for 1) studies that require isolation, such as the development and testing of candidate vaccines against human AIDS, and 2) better separation and protection of valuable breeding colonies that cannot be replaced. An associated requirement is for additional space and equipment for laboratory services and studies, particularly in the areas of microbiology and immunology. Such space would provide not only better support for the work of outside investigators, but also for more extensive center colony health surveillance and pilot studies like those that led to the identification and characterization of the AIDS model.

The cost of meeting these currently identified long term needs is estimated at a total of $5 million for equipment purchases and alteration or renovation of physical facilities and $5 million for construction during the next five year period above and beyond the current modernization and improvement program. However, these requirements cannot be reasonably addressed in the absence of construction authority for the centers program.

More extensive involvement by the Primate Centers is needed in establishing conservation and resource management programs in those countries that still must be relied upon for supply of certain species of nonhuman primates needed in biomedical research and testing programs. Good examples are the South American owl monkey needed in vision and infectious disease research and the Indonesian Celebes black ape for research on diabetes. Recent severe losses in Celebes black apes from simian acquired immunodeficiency disease have left insufficient animals in the United States to assure successful breeding. Potential opportunities do exist in both South America and the South Asia regions that would help to assure the future availability of these and other species. It is estimated that an additional $1.0 million per year would be needed for at least five years to support technical cooperation and assistance in the areas named that could be helpful in assuring the supply of these and other species.

PLAN TO ADDRESS PRIMATE CENTER NEEDS

For meeting short term center needs, the highest priority for available funds is assigned to physical facility alterations and renovations and equipment purchases that have already been identified in the current five year improvement and modernization program. A primary objective is assuring that accredited center programs of animal care remain so and that the single center presently not accredited achieves and maintains that status on the most rapid timetable possible. Successful fulfillment of many of the needs in this program is possible with continued allocations of federal funds. This funding will continue to be supplemented by contributions from host institutions and other sources. To meet additional needs that may occur, such as the current new requirement to provide larger caging, the currently conceived improvement program may have to be extended beyond 1989.

For meeting longer term center needs, DRR anticipates that funding will continue on a level basis. Some tradeoffs may be required to provide the resources necessary to support expanded breeding and animal holding programs and the needs of outside scientists. Level funding will be sufficient to provide adequate core operational support and the continuing improvement program. Matching funding from host institutions or other sources would be required for any center construction project to be supported with federal funds.

DRR plans to continue to encourage the development of sources of center funding other than the base operating grant. The development of cost recovery systems offers a good example of how other sponsors, primarily the categorical institutes of NIH, will increasingly help to support the costs of center operations. The cultivation of mutually beneficial relationships between the centers and organizations in the industrial sector also will continue. These approaches will broaden the base of sponsorship for research using center resources and will allow greater flexibility for program funding to meet critical center needs.

STATEMENT OF HOLLY HAZARD, COUNSEL, COMMITTEE FOR HUMANE LEGISLATION

Senator WEICKER. Next is Holly Hazard, counsel for the Committee for Humane Legislation.

Ms. HAZARD. Thank you, Mr. Chairman.

I am Holly Hazard, an attorney with the Committee for Humane Legislation. Our concern regarding the appropriations for the National Institutes of Health is the tremendous waste of Federal funds in grant awards approved by NIH. I recognize the importance of research programs as an investment in our future.

I also recognize the important role that NIH has played in this investment in its first 100 years of operation. Through those 100 years, science has changed dramatically. Unfortunately, many research projects have not. Our Government is currently funding millions of dollars in medical research which is unlikely to lead to an improvement in the human condition. Funding of these projects wastes increasingly precious research dollars, detracts from alternative projects, and unnecessarily wastes millions of animal lives.

Because of our limited time, I will concentrate my remarks on the misuse of Federal funds in the area of behavioral and psychological research, although a review of the grant abstracts currently funded show Federal dollars being wasted throughout the Federal grant system.

In the area of behavioral research, many protocols currently funded involve research using humans. Given the cultural, sexual, and environmental factors which contribute to radically different behavioral patterns within our own species, these projects would seem to hold the most promise for addressing and solving human problems. However, many studies use other animal species to offer guidance in dealing with human behavior. Many of the abstracts of funded research are farcical in their attempt to correlate the findings to our own species.

Although scientists argue of their need for freedom in scientific pursuit whenever these protocols are questioned, no rationale exists for the Federal Government to fund these projects when they are not in the best interest of the taxpayer.

As an example of the specific projects in question, the latest available reports on Federal funding of research shows that NIH spent approximately $896,000 on aggression studies on mammals in fiscal year 1986. This is obviously a small fraction of total funding for psychological research programs. Of this amount, only $126,000 was allocated to projects which directly evaluated any human behavior. All the projects used some animals.

As an example, of the $770,000 spent on animal research, includes a study of aggression and sexual behavior in the female hamster, the grant award was $67,537; a study of anxiety and aggression in rats, this study has been funded for 12 years, and this fiscal year the grant award was 76,850; and a study of whether the position of a male mouse in his mother will later affect the likelihood of him committing infanticide and why the timing of mating affects the likelihood of male mice committing infanticide, this grant has been funded for 2 years, and the grant award in the current fiscal year was $30,254.

These types of studies have been carried out for decades. I have attached a random selection of studies published in this area in the past two decades to provide you with a background of typical research in this area.

Perhaps, given unlimited resources and no ethical concerns, these experiments could be justified. However, our society is an ethical one, and we are certainly faced with finite resources. Given these parameters, continued Federal funding of these experiments cannot be justified.

The NIH has coordinated and funded many valuable projects in its first 100 years of operation. These projects should not, however, be allowed to justify the gross waste of research dollars in research which is unlikely to result in improvement of the human condition.

Animal research in the area of behavioral and psychological studies has not provided the American taxpayer with any significant return on his investment. I urge this committee to stop Federal support of these wasteful and redundant projects.

Briefly, in the time that I have left, I would like to touch on a topic of immediate concern to the people in the humane community regarding congressional appropriations to the National Institutes of Health.

The NIH has, for the past 5 years, been spending over $30,000 per year to house 15 monkeys which are no longer needed or wanted for research. These monkeys were originally seized from a federally funded laboratory by the Maryland police. The head of the laboratory was twice convicted of cruelty under Maryland law, and his NIH research grant was terminated for cause.

The research facility no longer conducts animal research, and the NIH has stated that it has no research protocol for the animals. A primate sanctuary in Texas is willing to accept the animals, and the humane community has agreed to pay the costs associated with transporting the animals to that facility.

Over one-half of the Members of the Senate and one-half of the Members of the House requested the NIH to expedite a transfer. The monkeys remain at NIH. NIH is now claiming that IBR, the institution involved in the cruelty prosecution, still owns the animals. It is violative of public policy, as well as common sense, to allow a research facility, whose grant has been revoked specifically due to gross violation of Federal law and regulation regarding animal welfare, to retain any interest in the disposition of the animals.

Furthermore, the animals were purchased with Federal grant funds. To allow the institutions to violate the terms of their grant, and then to retain an economic interest in the property purchased with grant funds does not discourage grant violations and, therefore, is not in the best interest of the taxpayers.

PREPARED STATEMENT

I urge this committee to deny NIH any further appropriations for warehousing of the animals and to expedite their transfer to sanctuary.

Thank you very much.

[The statement follows:]

STATEMENT OF HOLLY HAZARD

I am Holly Hazard, an attorney with the Committee for Humane Legislation. Our concern regarding the appropriations for the National Institutes of Health is the tremendous waste of federal funds in grant awards approved by NIH. I recognize the importance of research programs as an investment in our future. I also recognize the important role that NIH has played in this investment in its first 100 years of operation. Through those 100 years, science has changed dramatically. Unfortunately, many research projects have not. Our government is currently funding millions of dollars in medical research which is unlikely to lead to an improvement in the human condition. Funding of these projects wastes increasingly precious research dollars, detracts from alternative projects, and unneccessarily wastes millions of animal lives.

Because of our limited time, I will concentrate my remarks on the misuse of federal funds in the area of behavioral and psychological research, although a review of the grant abstracts currently funded shows federal dollars being wasted throughout the federal grant system.

In the area of behavioral research, many protocols currently funded involve research using humans. Given the cultural, sexual and environmental factors which contribute to radically different behavioral patterns within our own species, these projects would seem to hold the most promise for addressing and solving human problems. However, many studies use other animal species to offer guidance in dealing with human behavior. Many of the abstracts of funded research are farcical in their attempt to correlate the findings to our own species. Although scientists argue of their need for freedom in scientific pursuits whenever these protocols are questioned, no rationale exists for the federal government to fund these projects when they are not in the best interest of the taxpayer.

Under the guise of psychological research, animals have been shocked to investigate the causes of human cooperation, fear, pain and aggression. They have been forced to swim until they sink to investigate human stress, separated from their mothers and peers to investigate depression, and force-fed alcohol to determine the causes of human alcoholism. The recently released Office of Technology Assessment Report on alternatives to animal use states, with reference to electric shock experiments, that "electric shock is a highly atypical stimulus. No terrestrial species appears to have evolved under conditions of electric shock." In reference to aggression studies as an indication of factors affecting human aggression, the OTA report concluded that " extrapolation among vertebrates of the results of research into aggression is difficult." Despite these concerns as to the value of this research, federal funding continues.

As an example of the specific projects in question, the latest available reports on federal funding of research shows that NIH spent approximately $896,000 on "aggression" studies on mammals in FY 1986. This is obviously a small fraction of total funding for psychological research programs. Of this amount, only $126,000 was allocated to projects which directly evaluated any human behavior. All the projects used some animals.

The $ 770,000 spent on animal research includes:

1) A study of aggression and sexual behavior in the female hamster. Grant award--$60,537.

2) A study of anxiety and aggression in rats. Funded for 12 years. Grant award--$76,850.

3) A study of whether the position of a male mouse in his mother will later affect the likelihood of him commiting infanticide and why the timing of mating affects the likelihood of male mice commiting infanticide. Funded for 2 years. Grant award--$30,254.

These types of studies have been carried out for decades. I have attached a random selection of studies published in this area in the past 2 decades to provide you with a background of typical research in this area. Perhaps, given unlimited resources and no ethical concerns these experiments could be justified. However, our society is an ethical one and we certainly are faced with finite resources. Given these parameters, continued federal funding of these experiments cannot be justified.

The NIH has coordinated and funded many invaluable projects in its 100 years of operation. These projects should not, however, be allowed to justify the gross waste of research dollars in research which is unlikely to result in any improvement of the human condition. Animal research in the area of behavioral and psychological studies has not provided the American taxpayer with any significant return on his investment. I urge this Committee to stop federal support of these wasteful and redundant projects.

The following research protocols have been selected for federal funding through 1986 in the area of aggression research:

Crisp Report File

1. Using mice, rats and squirrel monkeys, researchers investigate the role of social status as a determinant of alcohol's effect on aggressive behavior, the effect of self administration versus forced administration of alcohol on social behavior, and the effect of testosterone on the aggression-heightening effect of alcohol.
   Years funded--5
   Award amount, 1985--$149,391

2. Evaluate the effect of alcohol on aggression in rats including female attack on males and fear based attack by both males and females.
   Years funded--2
   Award amount, 1985-- $73,619

3. The study of the sociosexual behavior of the female hamster.
   Years funded--1
   Award Amount, 1985-- $60,537

4. Regulation of infanticide and patental behavior in male house mice. The effect of intrauterine position on later behavior as a parent mouse toward their young.
   Years funded--2
   Award Amount, 1985-- $30,254

1981

1. When a female is present in a cage containing a more aggressive or dominant male and a less aggressive or subordinate male, the former mate more frequently. Journal of Comparative and Physiological Psychology, 95: 880-895.

2. Mouse aggression increases after 24 hours of isolation or housing with females. Behavioral and Neural Biology, 32: 89-103.

1973

1. Comparisions of feeding behavior in killer and non-killer rats shows that although mouse-killing rats do tend to eat their victims, the killing motivation can be separated. Journal of Comparative and Physiclogical Phychology, 84, 258-264.

1972

1. Although mouse-killing rats do tend to eat their victims following a kill, there is no evidence that the act of killing, per se, increases the likelihood or strength of subsequent eating. Journal of Comparative and Physiological Psychology, 84, 258-264.

1962

1. Animals which are shocked, elict outwardly directed aggressive behavior or shock reflexive fighting. Journal of the Experimental Analysis of Behavior, 6:511-520.

The previous experiments were selected out of published articles in scientific journals relating to phychological experiments. These specific experiments may or may not have been directly funded by the federal government and are shown only as examples of the types of experiments being conducted an animals to explore aggression.

Senator WEICKER. Thank you very much.

Senator Burdick?

Senator BURDICK. With this transfer to the sanctuary, did you figure out how much money you might save?

Ms. HAZARD. The cost of housing the animals is $30,000, and that does not include veterinary bills, specific veterinary bills for the animals. So, certainly, it would be at least $30,000 a year.

Senator BURDICK. But there would be expense on the other end.

Ms. HAZARD. No; because one of the humane groups has volunteered to pay the cost of taking care of the animals for the remainder of the natural life, which I believe is $45,000. Another group has volunteered to pay for the cost of transferring the animals. So if the Government agreed to this, there would be no further cost to the Federal Government.

Senator BURDICK. Totally, how much would we be saving?

Ms. HAZARD. The best estimate is at least $30,000 per year.

Senator BURDICK. Thank you.

Senator WEICKER. Thank you very much for your testimony.

STATEMENT OF JOHN McARDLE, M.D., DIRECTOR, LABORATORY ANIMAL WELFARE, THE HUMANE SOCIETY OF THE UNITED STATES

ACCOMPANIED BY MARTIN STEVENS, M.D., ASSOCIATE DIRECTOR

Senator WEICKER. Our next witness is Dr. John McArdle, director, laboratory animal welfare, The Humane Society of the United States [THSUS].

Dr. McArdle.

Dr. STEVENS. Thank you, Mr. Chairman.

I am Dr. Martin Stevens. Dr. McArdle could not be here today. I would like to thank you for this opportunity to speak to the subcommittee on behalf of THSUS, and its more than 450,000 constituents. I would like to briefly summarize Dr. McArdle's written testimony. We have two specific proposals.

The first concerns alternative technologies that can replace or reduce the number of animals used in biomedical research experiments. In past testimony, and again today, we urge this subcommittee to allocate funds specifically for the development of these new alternative technologies.

We are encouraged by recent congressional actions that are detailed in the written testimony that indicate to us that the time is ripe for the National Institutes of Health which oversees much of this biomedical research to take positive action on the alternatives this year.

We respectfully request this subcommittee to instruct NIH to prepare a document identifying, first, the biomedical research most amenable to alternatives and, second, the alternatives that are best suited to those areas of research. This document can serve as a basis for a goal directed program of research on alternatives.

We also request that there be a modest redirection of funds into alternative technology and away from traditional animal experiments. We recommend that the source of funds be obtained by closing one or more of the regional primate centers, and converting them into national centers for alternative technologies.

Mr. Chairman, our first proposal is not antiresearch. We recognize that animals will continue to be needed in many areas of research. However, we ask that there be a new emphasis on alternatives, and away from traditional animal experiments.

We are not only motivated by humane concerns here, but we are also advocating scientific merit of alternatives, as well as their lower costs, which is certainly an important consideration in today's fiscal climate.

Our second proposal seeks to protect pets from being used in biomedical research. In past testimony, and again today, we asked that no Federal money be allowed for the purchase or use of animals acquired either directly or indirectly from municipal or private shelters.

In short, we are asking that the Federal funding for pound seizures stop. Mr. Chairman, pounds and shelters are established as sanctuaries, not as warehouses for laboratory resources. The existence of pound seizure undermines public confidence in animal shelters and shelter programs. Also a ready supply of pound animals inhibits the development of alternatives to the use of animals in research. Moreover, the use of random source animals, such as pound animals, encourages the theft of pets for resale to research institutions, and we see this as a significant and growing problem.

To add to all of these arguments, we should point out that several studies have shown that pound animals are inferior research subjects. The NIH itself prohibits the use of pound animals for its in-house research.

Mr. Chairman, the good people of Connecticut have banned pound seizure in their own State. To secure pet protection nationwide, we are asking that the Federal Government not allow funding for any random source animals to be used in research, and we seek your support in this proposal.

Thank you.

PREPARED STATEMENT

Senator WEICKER. Thank you very much for your testimony, Dr. Stevens.

Senator Burdick.

Senator BURDICK. I have no questions.

Senator WEICKER. Thank you very much, doctor.

[The statement follows:]

STATEMENT OF JOHN E. MCARDLE

MR. CHAIRMAN, I am Dr. John McArdle, director of Laboratory Animal Welfare for The Humane Society of the United States (HSUS). Thank you for the opportunity to speak to this subcommittee on behalf of The HSUS and our more than 450,000 constituents. I have two specific proposals to discuss.

For several years we have testified before this subcommittee, requesting that the federal government allocate funds for the development and promotion of new alternative technologies specifically designed to replace or reduce the number of animals currently being used in biomedical research.

With the recent passage of amendments to the federal Animal Welfare Act and release of the Office of Technology Assessment analysis of alternatives to the use of animals in research, testing, and education, we believe now is the time for a positive response from the agency primarily responsible for such research, i.e., the National Institutes of Health.

The opening section of the recent amendments to the Animal Welfare Act states:

> Methods of testing that do not use animals are being and continue to be developed which are faster, less expensive, and more accurate than traditional animal experiments for some purposes and further opportunities exist for the development of these methods of testing;

In addition, according to the Conference report, the intent of Congress is that "the adequacy of efforts to develop techniques that reduce or eliminate the use of animals be a matter of continuing concern and attention."

This concern is more comprehensively discussed in the final OTA report. The OTA study documents the diverse alternatives currently available and the opportunities for future development of methods that are both scientifically and fiscally more sound than traditional experimentation. Among the options the OTA offered for the consideration of Congress were:

1. Require a new or existing federal entity to coordinate the validation and implementation of alternatives.
2. Provide intramural and extramural federal funding for the development of alternatives.

Proposal 1: Development of New Alternative Technologies

The principal objective of the NIH's Division of Research Resources (DRR) is the creation and development of new resources for the biomedical research community. We recommend that this committee, through a modest redirection of existing funds, encourage the DRR to pursue that goal by changing its previous perspective and actively encouraging the replacement of traditional methods of biomedical research with alternative technologies. Although there will always be some areas of research that require intact laboratory animals, insufficient emphasis has been placed in biomedical education and federal funding on either the utilization of existing, or the development of entirely new, alternative methods.

Although some alternative techniques currently in use were developed as "by-products" of other research projects, this has not always been, nor need continue to be, the accepted approach to advancing biomedical research. If funds were specifically directed to developing alternatives, individual scientists would apply for and subsequently produce the new methods needed to improve the quality and reliability of biomedical research. The HSUS urges this subcommittee to encourage development of alternatives by appropriating sufficient funding to undertake more exploration.

The NIH, through a newly created subdivision of the DRR, is currently assessing the current usage and future needs of animal models. This process includes consideration of those areas in which more appropriate alternatives could be developed. In a recent conversation with NIH officials, we were told that they would actively promote research into the development of alternatives if funding could be found to support such goal-oriented research.

We request that the Committee instruct NIH to prepare a document indicating 1) which areas of research are most amenable to the use of alternatives and 2) which new techniques are needed to meet those needs. Such a document could serve as the basis of specific requests from NIH for research proposals to develop new alternatives. The grant solicitation process used by NASA could serve as a model for use by NIH. In its solicitation process, NASA identifies problems it wishes to explore and asks for grant proposals specific to that framework. This process would lend itself to an alternatives program at NIH as well.

We believe adequate funding to support such research can be found by closing one or more of the Regional Primate Research Centers and using the money saved to convert the closed facilities into National Centers for the Development of Alternatives.

Proposal 2: Protecting Pets from Use in Biomedical Research and Education.

In the past, we have requested that this subcommittee include a provision to specifically state that no federal money could be used for the purchase or use of any cat or dog acquired directly or indirectly from a municipal or private shelter (i.e., to stop pound seizure). We are still seeking such a provision as the only possible mechanism to prevent people's pets from being used in biomedical research. The continued use of random-source animals (such as those from pounds and shelters) in research, testing, and education encourages and continues the theft of pets. Theft of dogs and cats (directly or by fraud) for sale to research is increasing nationwide.

There are, fundamentally, five issues involved here:

1. Pounds and shelters are founded and operated as sanctuaries, not as warehouses to supply subsidized products for biomedical research.

2. The public loses confidence in local shelters and animal-control agencies and stops cooperating with their programs.

3. Continued perception of pounds as a cheap and inexhaustible resource inhibits the development of more appropriate alternatives.

4. Pets continue to be stolen for resale to research institutions. This will not stop until the use of random-source animals ceases.

5. Carefully controlled studies have proven that pound animals are unsuitable for use in biomedical research.

We are now convinced that the only viable, guaranteed means to stop the theft and use of pets in research is to ban the use of such random-source animals. It is time to return the pounds and shelters to their proper status as sanctuaries that address the serious problems of responsible pet ownership, pet protection and animal control. We are again seeking your assistance in accomplishing that goal.

STATEMENT OF CHRISTINE STEVENS, SECRETARY, SOCIETY FOR ANIMAL PROTECTIVE LEGISLATION

Senator WEICKER. Christine Stevens, secretary of the Society for Animal Protective Legislation.

Ms. STEVENS. Thank you very much, Mr. Chairman.

I have several proposals, so may I submit my testimony?

Senator WEICKER. Your testimony will be included in full in the record.

Ms. STEVENS. Let me hop around a little bit. Very quickly, first, we hope that you would appropriate a small amount, $750,000, for the National Library of Medicine to carry out its cooperative work with the National Agricultural Library under the new Improved Standards for Laboratory Animals Act, of which I have a pieced copy here.

We have been hearing about the need for alternatives, and they are being developed. They should be developed even more. Terribly important is that everybody in the scientific community would have ready access to know what ready alternatives exist, and that is not in good shape at the present time.

So it is very important that this new effort be carried out, and I hope that you can fund that small amount of money to help do it. For example, the Environmental Protection Agency's statement on alternative methods of testing says, "An information service on toxicological methods development would ease access to data and foster the elimination of duplication in testing," which is a terrible waste of Government money. This corresponds precisely with one of the major goals of the mandate of the information service.

Second, also a major thing is that funds be allocated for adequate space and comfortable housing for all animals used by NIH grantees. In "Beyond the Laboratory Door," which I would like to give the committee copies for its use, Samuel Peacock, M.D., wrote, "Competition between departments and individuals for animal quarter space creates a tremendous potential for overcrowding, lack of exercise, and all the other deficiencies of animal care."

To give you a current example, a March 1986, Johns Hopkins newsletter reports, "The average daily animal population for January 1986, was 3,000 higher than 2 years ago, and there is less housing space for these increased numbers of animals."

I know you must have heard that we are using fewer animals in the United States in laboratories, but that simply isn't so. People keep saying it so that people pretend to believe it. Here are the figures from the Department of Agriculture, and they show an increase for 1985, the most recent year, and, in fact, I just got those a day or two ago. In 1980, the total was 1,661,904, and now in 1985 it is 2,153,787. We are going up.

Again, Dr. Peacock writes:

> It is quite obvious this puts tremendous pressure on the scientist and as a result he is not going to be willing to wait until there is room in the animal quarters to house his experimental animals. He will jam them in some way because he cannot afford not to.

We don't think that NIH should be asked to provide millions of dollars to build a huge new building, that has been found not to work at all. In visiting laboratories in the past 30 years, we have heard over and over again, "If only we had blank number of dollars, we would build a new animal building," and, then, we are told, everything would be perfect. But as we saw new buildings go up, we observed that they often provided less things for the animals.

For example, Dr. Ravdin built the animal tower at the University of Pennsylvania, and the same thing in San Francisco, and the animals had less space.

I want to very quickly, because I see I have gone over my allotted time, to speak about the primates because I think that is where this subcommittee could do a great deal.

As you know, the new law requires a physical environment adequate to promote the psychological well-being of primates. The numbers of primates keep going up, too, 57,000 in 1985. If you agree that $200 for each sensitive individual is not too much to ask, and if you believe NIH will see that it is carefully used for the direct benefit of each individual primate, then we recommend an appropriation of $9,200,000 to provide space adequate to promote the well-being of primates in fiscal year 1987, or $11.5 million remains as high as it was in 1985.

That is a very small amount, but it could accomplish a very great deal.

Thank you.

PREPARED STATEMENT

Senator WEICKER. Thank you very much for your testimony. It is always good to have you before the committee. You are very consistent and persistent with us on the behalf of the animals. I think that it is great.

Ms. STEVENS. Thank you. I hope that you will be persistent, too. [Laughter.]

[The statement follows:]

STATEMENT OF CHRISTINE STEVENS

The Society for Animal Protective Legislation has three recommendations for funding for the mutual advancement of laboratory animal welfare and scientific research. The first is for a modest but specific amount to increase the appropriation for the National Library of Medicine by $500,000 to assist its cooperation with the National Agricultural Library's information service as provided in the Improved Standards for Laboratory Animals amendments to the Animal Welfare Act which were signed into law at the end of last year as part of the Farm Bill (1).

The new amendments, unanimously adopted by the Senate and House, require the service to provide information on employee training, prevention of unintended duplication of experiments and tests, and methods to reduce pain and distress to animals or reduce or replace their use. We have requested $750,000 for the National Agricultural Library and urge that no less than $500,000 be specified for these important purposes in the National Library of Medicine.

It is essential that redundant tests no longer be tolerated. Access to data must be made available. As stated in EPA's _Alternative Methods for Toxicity Testing Regulatory Policy Issues_ (1985), "Compliance with both federal and international toxicity testing requirements can therefore be complex and _often redundant_ [emphasis supplied]" (pg. 40), and on the following page: "An information system on toxicological methods development would ease access to data and foster the elimination of _duplication in testing_ [emphasis supplied]." This corresponds precisely with one of the major goals of the mandated information service.

Secondly, we request that funds be allocated for adequate space and comfortable housing for all animals used by NIH grantees. If funds are not available for the purpose, then animals should not be purchased by the institution. When NIH approves a grant using animals, it assumes the obligation to ensure that they are properly treated. NIH's new policy and guidelines require assurances to that effect. However, as Samuel M. Peacock, Jr., M.D. wrote in his preface to _Beyond the Laboratory Door_, "Competition between departments and individuals for animal quarter space creates a tremendous potential for overcrowding, lack of exercise, and all the other deficiencies of animal care."

To give a current example, a March 1986 "Animal Services Newsletter" from Johns Hopkins illustrates the point vividly when it reports, "The average daily animal population for January 1986 was 3,000 higher than two years ago, and there is less housing space for these increased numbers of animals." (2) It is difficult to say where the illusion arose that the numbers of laboratory animals used annually in the United States are diminishing, but this dictum has now been repeated so often in scientific circles that it has gained wide acceptance despite the paucity of supporting data. The figures supplied by registered research facilities to the Department of Agriculture show an increase for 1984, the most recent year for which statistics are available. The total figures are as follows: 1980: 1,661,904; 1981: 1,658,439; 1982: 1,576,556; 1983: 1,680,242; 1984: 2,074,133. The breakdown is attached for different kinds of animals (3).

Dr. Peacock explains the trend as follows:

> Institutions expect their faculties to provide their own funds to support their own research. This is explicitly stated when open faculty positions are advertised in various journals:
>
> '. . . applicants for associate professor or professor (tenure track or tenured) should demonstrate an excellent record of productivity and research support.
>
> 'Applicants should have a demonstrated record of independent research . . . and ability to obtain outside funding . . .'
>
> Some schools are going so far as to require their investigators to provide half of their salary after the first year.
>
> It is quite obvious this puts tremendous pressure on the scientist and as a result he is not going to be willing to wait until there is room in the animal quarters to house his experimental animals. He will jam them in some way because he cannot afford not to.

The Congress should prevent this from happening through the appropriations process. This could be done by directing NIH to specify the amount of each grant to be used for animal care and housing where the reviewers find that adequate provision is not available, or it could be done by making funds for this purpose a line item in the budget of the Division of Research Resources for which grantees submit proposals. Whatever system is adopted, funds appropriated and granted should be tied directly to the project or projects involving particular animals.

We do not believe that NIH should be asked to provide millions of dollars to build, or even provide a matching grant to build, a large building for an institution to put its animals in. For more than thirty years, we have heard the same excuse when we have criticized neglect of experimental animals: if only we had ----- million dollars, we'd build a new animal building. Then, we are always told, everything would be perfect. But as we saw new buildings go up, we observed that they often provided less space for each animal, and the bad husbandry practices continued unabated in the new building just as they had in the old.

For example, when Dr. Ravdin built the animal tower at the University of Pennsylvania Medical School, the dogs were squeezed into smaller quarters than they had had before. At the University of California in San Francisco, another animal tower failed to help animals. Because construction costs have steadily increased over the years, space for individual animals tends to be doled out by the square inch. This is contrary to the spirit of the Improved Standards for Laboratory Animals amendments unanimously adopted by the Congress at the end of 1985. These amendments to the Animal Welfare Act require exercise for laboratory dogs and the provision of space adequate to promote the psychological well-being of primates.

NIH policy states that "all institutions are required to comply, as applicable, with the Animal Welfare Act."

The provision of exercise for laboratory dogs is simple. Housing in pens or pens connected with outside runs or, if dogs are caged, removal from cages twice a day to a specified area, or just for a run in a corridor or in the cage room itself, would meet the needs.

Primates, however, offer a more complex situation. Senator Melcher characterized the primate cage that caused him to offer his amendment as "extremely efficient, extremely expensive, and extremely cruel." No one has stepped forward to gainsay this accurate description of the standard chimpanzee cage. Smaller versions for smaller primates are simply scaled-down versions of the same concept. The thousands of primate cages in institutions throughout the country represent a considerable financial layout in basically obsolete equipment.

Some active brains have been thinking of ways to avoid mass junking of existing monkey cages. A chimp cage or a baboon cage can make an acceptable enclosure for any of several species of smaller primates. By adding a nest box and swing, these cages can be transformed into a suitable place for a whole family of small tree-dwelling primates.

A second system, not quite so simple to achieve but still well within the capability of any medical school, is to provide activity areas furnished with appropriate play and exercise equipment into which non-compatible primates can be released individually for several hours at a time. This method is soon (within the next month) to be in effect at the University of Southern California--an institution which had planned a much more ideal arrangement for a group of stump-tailed macaques under long-term observation, namely provision of a natural habitat at the Los Angeles Zoo. However, these plans have been temporarily, perhaps even permanently, stymied by a radical antivivisectionist television personality.

I have recently learned of a so-called "playpen" system developed by Ciba-Geigy in Switzerland and would be glad to submit further information to the Subcommittee when it becomes available.

Most institutions using primates will have to move forward promptly in order to be able to comply with the federal requirements "for a physical environment adequate to promote the psychological well-being of primates" they use when the Improved Standards for Laboratory Animals go into effect at the end of this year.

The number of primates rose from 1982 to '83 and rose again in 1984. It is to be hoped that the numbers will be reduced next year, but assuming that they will not go below the lowest figure in the last five years, we are talking about at least 46,000 monkeys and apes. What is the psychological well-being of each of these creatures worth? They are our closest relatives in the animal kingdom who are standing in for us in experiments deemed too dangerous or painful for human volunteers taking part in clinical studies. Would it be too much to spend $200 to achieve a more endurable life for each laboratory primate? To give him a chance to do the acrobatics so much favored by these lithe and swift young animals (for most of them are no more than half grown), to express their normal behavioral patterns, for example, searching for hidden food? If we are convinced that they will save us from suffering and death, what are our obligations to them as they suffer and die in our place?

If you agree that $200 for each sensitive individual is not too much to ask, and if you believe NIH will see that it is carefully used for the direct benefit of each individual primate, then we recommend an appropriation of $9,200,000 to provide space adequate to promote the psychological well-being of primates in FY 87--or $11 million if the number remains as high as it was in 1984.

NIH should revise its animal care and use policy statement and instructions to peer reviewers so that costs associated with the use of animals are considered a regular part of research funding. Reduction in the numbers of animals used should receive a far higher priority than it has.

A tendency to dismiss the concept of research specifically directed at the development of alternatives to animals in both testing and research is undoubtedly holding back potential advances. Despite this fact, advances are being made. They should be enthusiastically encouraged by this distinguished Subcommittee.

Speaking of the development of pain-relieving drugs, an extremely important research goal, Dr. Solomon H. Snyder writes of "marked analgesia but with less addicting potential . . . Such drugs were not readily identified as analgesics by screening tests in intact animals using the hot plate technique. However, they are readily recognized by examining the effect of sodium upon opiate receptor reactions" (a non-animal test). Setting the tone for the third volume of In Vitro Toxicology, A Progress Report from the Johns Hopkins Center for Alternatives to Animal Testing (Alan M. Goldberg, Editor), this kind of thinking can point the way for a serious, major undertaking by the government. We urge that the "too little and too late" approach toward development of non-animal methodology in both testing and research be abandoned and, in its place, a whole-hearted, intelligent effort be made and funded at levels comparable to those for other research efforts.

[Excerpt from the Congressional Record, Tues., Dec. 17, 1985]

THE IMPROVED STANDARDS FOR LABORATORY ANIMALS ACT

FINDINGS

SEC. 1751. For the purposes of this subtitle, the Congress finds that—

(1) the use of animals is instrumental in certain research and education for advancing knowledge of cures and treatment for diseases and injuries which afflict both humans and animals;

(2) methods of testing that do not use animals are being and continue to be developed which are faster, less expensive, and more accurate than traditional animal experiments for some purposes and further opportunities exist for the development of these methods of testing;

(3) measures which eliminate or minimize the unnecessary duplication of experiments on animals can result in more productive use of Federal funds; and

(4) measures which help meet the public concern for laboratory animal care and treatment are important in assuring that research will continue to progress.

STANDARDS AND CERTIFICATION PROCESS

SEC. 1752. (a) Section 13 of the Animal Welfare Act (7 U.S.C. 2143) is amended by—

(1) redesignating subsections (b) through (d) as subsections (f) through (h) respectively; and

(2) striking out the first two sentences of subsection (a) and inserting in lieu thereof the following new sentences: "(1) The Secretary shall promulgate standards to govern the humane handling, care, treatment, and transportation of animals by dealers, research facilities, and exhibitors.

"(2) The standards described in paragraph (1) shall include minimum requirements—

"(A) for handling, housing, feeding, watering, sanitation, ventilation, shelter from extremes of weather and temperatures, adequate veterinary care, and separation by species where the Secretary finds necessary for humane handling, care, or treatment of animals; and

"(B) for exercise of dogs, as determined by an attending veterinarian in accordance with general standards promulgated by the Secretary, and for a physical environment adequate to promote the psychological well-being of primates.

"(3) In addition to the requirements under paragraph (2), the standards described in paragraph (1) shall, with respect to animals in research facilities, include requirements—

"(A) for animal care, treatment, and practices in experimental procedures to ensure that animal pain and distress are minimized, including adequate veterinary care with the appropriate use of anesthetic, analgesic, tranquilizing drugs, or euthanasia;

"(B) that the principal investigator considers alternatives to any procedure likely to produce pain to or distress in an experimental animal;

"(C) in any practice which could cause pain to animals—

"(i) that a doctor of veterinary medicine is consulted in the planning of such procedures;

"(ii) for the use of tranquilizers, analgesics, and anesthetics;

"(iii) for pre-surgical and post-surgical care by laboratory workers, in accordance with established veterinary medical and nursing procedures;

"(iv) against the use of paralytics without anesthesia; and

"(v) that the withholding of tranquilizers, anesthesia, analgesia, or euthanasia when scientifically necessary shall continue for only the necessary period of time;

"(D) that no animal is used in more than one major operative experiment from which it is allowed to recover except in cases of—

"(i) scientific necessity; or

"(ii) other special circumstances as determined by the Secretary; and

"(E) that exceptions to such standards may be made only when specified by research protocol and that any such exception shall be detailed and explained in a report outlined under paragraph (7) and filed with the Institutional Animal Committee.".

(b) Section 13(a) of such Act is further amended—

(1) by designating the third and fourth sentences as paragraph (4);

(2) by designating the fifth sentence as paragraph (5); and

(3) by striking out the last sentence and inserting in lieu thereof the following:

"(6)(A) Nothing in this Act—

"(i) except as provided in paragraphs (7) of this subsection, shall be construed as authorizing the Secretary to promulgate rules, regulations, or orders with regard to the design, outlines, or guidelines of actual research or experimentation by a research facility as determined by such research facility;

"(ii) except as provided subparagraphs (A) and (C) (ii) through (v) of paragraph (3) and paragraph (7) of this subsection, shall be construed as authorizing the Secretary to promulgate rules, regulations, or orders with regard to the performance of actual research or experimentation by a research facility as determined by such research facility; and

"(iii) shall authorize the Secretary, during inspection, to interrupt the conduct of actual research or experimentation.

"(B) No rule, regulation, order, or part of this Act shall be construed to require a research facility to disclose publicly or to the Institutional Animal Committee during its inspection, trade secrets or commercial or financial information which is privileged or confidential.

"(7)(A) The Secretary shall require each research facility to show upon inspection, and to report at least annually, that the provisions of this Act are being followed and that professionally acceptable standards govern-

ing the care, treatment, and use of animals are being followed by the research facility during actual research or experimentation.

"(B) In complying with subparagraph (A), such research facilities shall provide—

"(i) information on procedures likely to produce pain or distress in any animal and assurances demonstrating that the principal investigator considered alternatives to those procedures;

"(ii) assurances satisfactory to the Secretary that such facility is adhering to the standards described in this section; and

"(iii) an explanation for any deviation from the standards promulgated under this section.

"(8) Paragraph (1) shall not prohibit any State (or a political subdivision of such State) from promulgating standards in addition to those standards promulgated by the Secretary under paragraph (1).".

(c) Section 13 of such Act is further amended by inserting after subsection (a) the following new subsections:

"(b)(1) The Secretary shall require that each research facility establish at least one Committee. Each Committee shall be appointed by the chief executive officer of each such research facility and shall be composed of not fewer than three members. Such members shall possess sufficient ability to assess animal care, treatment, and practices in experimental research as determined by the needs of the research facility and shall represent society's concerns regarding the welfare of animal subjects used at such facility. Of the members of the Committee—

"(A) at least one member shall be a doctor of veterinary medicine;

"(B) at least one member—

"(i) shall not be affiliated in any way with such facility other than as a member of the Committee;

"(ii) shall not be a member of the immediate family of a person who is affiliated with such facility; and

"(iii) is intended to provide representation for general community interests in the proper care and treatment of animals; and

"(C) in those cases where the Committee consists of more than three members, not more than three members shall be from the same administrative unit of such facility.

"(2) A quorum shall be required for all formal actions of the Committee, including inspections under paragraph (3).

"(3) The Committee shall inspect at least semiannually all animal study areas and animal facilities of such research facility and review as part of the inspection—

"(A) practices involving pain to animals, and

"(B) the condition of animals,

to ensure compliance with the provisions of this Act to minimize pain and distress to animals. Exceptions to the requirement of inspection of such study areas may be made by the Secretary if animals are studied in their natural environment and the study area is prohibitive to easy access.

"(4)(A) The Committee shall file an inspection certification report of each inspection at the research facility. Such report shall—

"(i) be signed by a majority of the Committee members involved in the inspection;

"(ii) include reports of any violation of the standards promulgated, or assurances required, by the Secretary, including any deficient conditions of animal care or treatment, any deviations of research practices from originally approved proposals that adversely affect animal welfare, any notification to the facility regarding such conditions, and any corrections made thereafter;

"(iii) include any minority views of the Committee; and

"(iv) include any other information pertinent to the activities of the Committee.

"(B) Such report shall remain on file for at least three years at the research facility and shall be available for inspection by the Animal and Plant Health Inspection Service and any funding Federal agency.

"(C) In order to give the research facility an opportunity to correct any deficiencies or deviations discovered by reason of paragraph (3), the Committee shall notify the administrative representative of the research facility of any deficiencies or deviations from the provisions of this Act. If, after notification and an opportunity for correction, such deficiencies or deviations remain uncorrected, the Committee shall notify (in writing) the Animal and Plant Health Inspection Service and the funding Federal agency of such deficiencies or deviations.

"(5) The inspection results shall be available to Department of Agriculture inspectors for review during inspections. Department of Agriculture inspectors shall forward any Committee inspection records which include reports of uncorrected deficiencies or deviations to the Animal and Plant Health Inspection Service and any funding Federal agency of the project with respect to which such uncorrected deficiencies and deviations occurred.

"(c) In the case of Federal research facilities, a Federal Committee shall be established and shall have the same composition and responsibilities provided in subsection (b), except that the Federal Committee shall report deficiencies or deviations to the head of the Federal agency conducting the research rather than to the Animal and Plant Health Inspection Service. The head of the Federal agency conducting the research shall be responsible for—

"(1) all corrective action to be taken at the facility; and

"(2) the granting of all exceptions to inspection protocol.

"(d) Each research facility shall provide for the training of scientists, animal technicians, and other personnel involved with animal care and treatment in such facility as required by the Secretary. Such training shall include instruction on—

"(1) the humane practice of animal maintenance and experimentation;

"(2) research or testing methods that minimize or eliminate the use of animals or limit animal pain or distress;

"(3) utilization of the information service at the National Agricultural Library, established under subsection (e); and

"(4) methods whereby deficiencies in animal care and treatment should be reported.

"(e) The Secretary shall establish an infor-

mation service at the National Agricultural Library. Such service shall, in cooperation with the National Library of Medicine, provide information—

"(1) pertinent to employee training;

"(2) which could prevent unintended duplication of animal experimentation as determined by the needs of the research facility; and

"(3) on improved methods of animal experimentation, including methods which could—

"(A) reduce or replace animal use; and

"(B) minimize pain and distress to animals, such as anesthetic and analgesic procedures.

"(f) In any case in which a Federal agency funding a research project determines that conditions of animal care, treatment, or practice in a particular project have not been in compliance with standards promulgated under this Act, despite notification by the Secretary or such Federal agency to the research facility and an opportunity for correction, such agency shall suspend or revoke Federal support for the project. Any research facility losing Federal support as a result of actions taken under the preceding sentence shall have the right of appeal as provided in sections 701 through 706 of title 5, United States Code.".

INSPECTIONS

SEC. 1753. Section 16(a) of the Animal Welfare Act (7 U.S.C. 2146(a)) is amended by inserting after the first sentence the following: "The Secretary shall inspect each research facility at least once each year and, in the case of deficiencies or deviations from the standards promulgated under this Act, shall conduct such follow-up inspections as may be necessary until all deficiencies or deviations from such standards are corrected.".

PENALTY FOR RELEASE OF TRADE SECRETS

SEC. 1754. The Animal Welfare Act (7 U.S.C. 2131-2156) is amended by adding at the end thereof the following section:

"SEC. 27. (a) It shall be unlawful for any member of an Institutional Animal Committee to release any confidential information of the research facility including any information that concerns or relates to—

"(1) the trade secrets, processes, operations, style of work, or apparatus; or

"(2) the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures,

of the research facility.

"(b) It shall be unlawful for any member of such Committee—

"(1) to use or attempt to use to his advantages; or

"(2) to reveal to any other person,

any information which is entitled to protection as confidential information under subsection (a).

"(c) A violation of subsection (a) or (b) is punishable by—

"(1) removal from such Committee; and

"(2)(A) a fine of not more than $1,000 and imprisonment of not more than one year; or

"(B) if such violation is willful, a fine of not more than $10,000 and imprisonment of not more than three years.

"(d) Any person, including any research facility, injured in its business or property by reason of a violation of this section may recover all actual and consequential damages sustained by such person and the cost of the suit including a reasonable attorney's fee.

"(e) Nothing in this section shall be construed to affect any other rights of a person injured in its business or property by reason of a violation of this section. Subsection (d) shall not be construed to limit the exercise of any such rights arising out of or relating to a violation of subsections (a) and (b).".

INCREASED PENALTIES FOR VIOLATION OF THE ACT

SEC. 1755. (a) Subsection (b) of section 19 of the Animal Welfare Act (7 U.S.C. 2149(b)) is amended—

(1) in the first sentence by striking out "$1,000 for each such violation" and inserting in lieu thereof "$2,500 for each such violation"; and

(2) in the sixth sentence by striking out "$500 for each offense" and inserting in lieu thereof "$1,500 for each offense".

(b) Subsection (d) of such section is amended by striking out "$1,000" and inserting in lieu thereof "$2,500".

DEFINITIONS

SEC. 1756. (a) Section 2 of the Animal Welfare Act (7 U.S.C. 2132) is amended by—

(1) striking out "and" after the semicolon in subsection (i);

(2) striking out the period at the end of subsection (j) and inserting in lieu thereof a semicolon; and

(3) adding after subsection (j) the following new subsections:

"(k) The term 'Federal agency' means an Executive agency as such term is defined in section 105 of title 5, United States Code, and with respect to any research facility means the agency from which the research facility receives a Federal award for the conduct of research, experimentation, or testing, involving the use of animals;

"(l) The term 'Federal award for the conduct of research, experimentation, or testing, involving the use of animals' means any mechanism (including a grant, award, loan, contract, or cooperative agreement) under which Federal funds are provided to support the conduct of such research.

"(m) The term 'quorum' means a majority of the Committee members;

"(n) The term 'Committee' means the Institutional Animal Committee established under section 13(b); and

"(o) The term 'Federal research facility' means each department, agency, or instrumentality of the United States which uses live animals for research or experimentation.".

(b) For purposes of this Act, the term "animal" shall have the same meaning as defined in section 2(g) of the Animal Welfare Act (7 U.S.C. 2132(g)).

CONSULTATION WITH THE SECRETARY OF HEALTH AND HUMAN SERVICES

SEC. 1757. Section 15(a) of the Animal Welfare Act (7 U.S.C. 2145(a)) is amended by adding after the first sentence the following: "The Secretary shall consult with the Secretary of Health and Human Services prior to issuance of regulations.".

TECHNICAL AMENDMENT

SEC. 1758. Section 14 of the Animal Welfare Act (7 U.S.C. 2144) is amended by changing "section 13" to "sections 13 (a), (f), (g), and (h)" wherever it appears.

EFFECTIVE DATE

SEC. 1759. This subtitle shall take effect 1 year after the date of the enactment of this Act.

ANIMAL SERVICES NEWSLETTER

Vol. 3, No. 2, March, 1986

Housing animals in proximity to research laboratories: It has always been Animal Services' policy to house an investigator's animals as close as possible to the individual's research laboratory. However, this is not always possible nor desirable. Because of housing constraints caused by increased animal populations, increased cage sizes and loss of housing areas during construction, we no longer can afford to house a few animals of a species in separate rooms throughout the institution. We will continue to try to consolidate animal species into the fewest number of rooms needed to properly house them, to allow for the maximum utilization of space for all institutional investigators. The average daily animal population for January, 1986 was 3000 higher than two years ago, and there is less housing space for these increased numbers of animals.

Legislative matters: There have been two important bills introduced at the State level which could have effects on some of the research projects within the institution. The first bill (SB 48) already has passed in the Senate and would prevent the release of dogs from any state pound for research purposes. The present policy in the Baltimore City pound is to allow owners of dogs to check off whether or not they want their dog to be used for research when the animal is turned in. Hearings on the House version of this bill (HB 434) were held on Wednesday, March 12 before the Environmental Matters Committee. Representatives from the institution testified against these bills. All users of dogs were kept informed about these bills as soon as information was received in Comparative Medicine. A second bill HB 493 was aimed at preventing the use of curare or drugs containing curare or curariform drugs (i.e. such as T-61) for purposes of euthanasia and in addition would prohibit anyone but a licensed veterinarian from killing a dog or cat unless it is done in an Animal Shelter, an Animal Control Center or a licensed Animal Hospital. The first part of this bill would probably have little effect on the institution because other suitable euthanasia solutions are available (although T-61 is approved by the American Veterinary Medical Association). The second part of the bill could have profound effects, and testimony in opposition was presented by the institution. The bill was amended by the sponsors to include USDA inspected research facilities and AAALAC accredited research institutions.

It would probably be useful to clarify for everyone the situation with dogs. It is safe to say that the vast majority of dogs not specifically raised for research purposes originally had an owner. The animals that we obtain are either unwanted animals turned into the pounds, sold to dealers, or left to fend for themselves as strays. Thus many dogs obtained from USDA licensed dealers are in this category. The inability to obtain dogs from either the Baltimore City pound or the Somerset County pound (the only two state pounds that we get dogs from) would initially have a relatively limited effect on the procurement of dogs. However, it would also encourage animal rights groups to prevent the sale of such dogs from other states, and could eventually stop the use of all except purpose bred dogs for research. We urge you to contact your state legislators to inform them of your concerns on this legislation.

Robert J. Adams DVM
Director, Animal Services, x3273

NUMBERS OF ANIMALS
form USDA, APHIS Animal Welfare Enforcement

	TOTAL	DOGS	CATS	PRIMATES	GUINEA PIGS	HAMSTERS	RABBITS	WILD ANIMALS	ANIMALS SUFFERING UNRELIEVED PAIN
FY 1980	1,661,904	188,783	68,482	56,024	422,390	405,826	471,297	49,102	122,650
FY 1981	1,658,439	188,649	58,090	57,515	436,632	397,522	473,922	50,111	101,653
FY 1982	1,576,556	161,396	49,923	46,388	459,246	337,790	453,506	69,043	130,363
FY 1983	1,680,242	174,542	53,344	54,926	485,048	337,023	466,810	108,549	139,411
FY 1984	2,074,133	201,936	56,910	55,338	561,184	437,123	529,101	232,541	128,256

STATEMENT OF CECILIA HAM, VICE PRESIDENT, UNITED STATES STUDENT ASSOCIATION

Senator WEICKER. Our next witness is Cecilia Ham, vice president, United States Student Association [USSA].

Ms. HAM. Mr. Chairman, we appreciate this opportunity to appear before you today to present testimony on the fiscal year 1987 appropriations for title IV, student financial assistance programs.

I am the elected vice president of the United States Student Association, representing students attending over 400 postsecondary institutions—public, private, community, and 4 year—across the country.

Students are worried and concerned about their futures. This has been demonstrated through campus events and through the strong student support for our St. Patrick's Day Lobby Day to "Put the Green Back in the Education Budget." An example of activities initiated by student governments is the issue Critical Times from the University of Iowa, which I would like to submit for your examination and the record.

Senator WEICKER. It will be made part of the record.

Ms. HAM. We feel that 1986 is indeed the most critical year for the future of student aid programs. The current reauthorization of the Higher Education Act and the passage of Gramm-Rudman-Hollings translates into a climate of major uncertainty for students.

This uncertainty and confusion is detrimental for students whether currently enrolled in high school or college, or persons considering returning to school for retraining. We urge you to quickly appropriate fiscal year 1987 levels to minimize the confusion and reaffirm the support for education as a top national priority.

The administration has clearly failed to recognize the critical role that Federal funds have played in funding necessary education programs focused on low- and moderate-income students during the past 20 years.

The administration's budget request calls for a major shift in the Guaranteed Student Loan Program. For higher education, the theme of the budget was to transform national debt into an enormous student debt, affecting students' choice in careers.

For myself, I was fortunate enough to attend an excellent institution, the University of Iowa, and through a combination of my family's support, balancing several jobs simultaneously, university revolving loans and a small guaranteed student loan, I graduated with a relatively small debt burden compared to many of my fellow students.

My intent was to keep my debt burden low, even with the loss of having time to spend on my academic studies, to enable me to keep my options open. That option for me was to work in the nonprofit arena for issues that I strongly support. I consider myself very fortunate, but I am very concerned about the implications of the fiscal year 1987 proposals for students just beginning their education.

We would like to thank you for including $146 million in the urgent supplemental appropriation last week. We will be working here in

Washington to help make sure that these funds become a reality on campus. Funding the total shortfall would keep over 1 million students from losing all or some of their Pell awards this fall.

At my own campus, over 4,000 students receive Pell grants, and 1,970 students will lose all or part of their Pell awards under the recently released linear reduction schedule. Of this number, 532 will lose their entire award, and at the University of Iowa, the dollar loss is over $800,000, and the loss our society will suffer from the declining educated citizenry is incalculable.

In conclusion, we strongly urge the subcommittee to increase the appropriations for student financial assistance programs to reverse the decline in the value of the student dollar on campus. I would ask this subcommittee to appropriate levels for fiscal year 1987 that meet the recently passed Senate budget ceilings for function 500.

USSA requests that student financial aid programs be funded at their fiscal year 1986 levels plus inflation as a minimum. Students have been caught between tuition increases, inflated living costs, and real cuts in Federal student aid programs.

We hope that you will take the students' as the consumers of student financial aid into consideration when determining both the funding levels and the timeliness of that decision, to reaffirm that there is truly a commitment to funding excellence in education. Your support during the past 5 years has made the difference to millions of current students.

Thank you for this opportunity to express our position on the fiscal year 1987 appropriation levels.

PREPARED STATEMENT

Senator WEICKER. Cecilia, thank you very much, and I can assure you that I think all of my colleagues feel that this is one of the best investments there was ever made. Aside from the testing process supplied by the administration, we will try to come up with the moneys necessary to keep those students in college.

Ms. HAM. Thank you very much.

[The statement follows:]

STATEMENT OF CECILIA HAM

Mr. Chair and members of the Subcommittee, I appreciate this opportunity to appear before you today to present testimony on the Fiscal Year 1987 appropriations for Title IV Student Financial Assistance programs. I am the elected Vice President of the United States Student Association (USSA) representing students attending over 400 postsecondary institutions - public, private, community and four year - across the country.

Students are worried and concerned about their futures. This has been demonstrated through campus events and through the strong student support for our St. Patrick's Day Lobby Day to "Put the Green Back in the Education Budget". An example of activities initiated by student governments is the issue Critical Times from the University of Iowa, which I would like to submit for the record. This was sent to students, parents, and the community to alert them to the drastic impact of the Administration's FY 87 budget.

USSA feels that 1986 is the most critical year for the future of student aid programs. The current Reauthorization of the Higher Education Act and the passage of Gramm-Rudman-Hollings translates into a climate of major uncertainty for students. This uncertainty and confusion is detrimental for students whether currently enrolled in high school or college, or persons considering returning to school for retraining. We urge you to quickly appropriate FY 1987 levels to minimize the confusion and reaffirm the support for education as a top national priority.

USSA strongly opposes the Administration's FY 1987 budget request to cut $3.2 Billion from the FY 1986 appropriation level. Funding for student aid comprises less than 1% of the federal budget yet it was slated to be cut by 27% in the Administration's proposed budget. These cuts were described by Secretary Bennett in the budget document as "minimal" since federal education dollars comprise less than 7% of total U.S. expenditures for education. This assertion fails to recognize the critical role that these federal funds have played in funding necessary education programs focused on low and moderate income students during the past twenty years.

The Administration's budget request also calls for a major shift in the Guaranteed Student Loan Program. The theme of the budget is to transfer a national debt into an overwhelming student debt affecting students' choice of majors and careers. For myself, I was fortunate enough to attend an excellent institution, the University of Iowa, and through a combination of my family's support, balancing several jobs simultaneously, university revolving loans and a small GSL, graduated with a relatively small debt burden compared to many of my fellow students. My intent was to keep my debt burden low even at the loss of having time to devote to my academic studies to enable me to keep my options open. That option for me was to work in the non-profit arena for issues that I strongly support. I consider myself fortunate but I am very concerned about the implications of the FY 1987 proposals for students just beginning their education.

To minimize the damaging cuts for academic year 1986-1987, USSA strongly urges the Subcommittee to request a supplemental appropriation for $370 Million. This appropriation would keep over one million students from losing some or all of their Pell awards for this fall from the 10% cut in available funds. The cuts were the result of the 4.3% March 1 Gramm-Rudman-Hollings cut and combined mis-estimates on the costs of the program by the Department of Education. At my own campus, the University of Iowa, over 4,000 students receive Pell Grants. 1,970 students will lose part or all of their Pell awards under the recently released linear reduction schedule. Of this number, 532 will lose their entire award. At University of Iowa the dollar loss is $869,306.00. These cuts are in addition to a reduction to less than 1/3 of a student's costs being covered by a maximum Pell Grant.

In conclusion, USSA strongly urges the Subcommittee to increase the appropriations for student financial assistance programs to reverse the decline in the value of the student dollar on campus. I would ask this Subcommittee to appropriate levels for Fiscal Year 1987 that meet the recently passed Senate Budget ceilings for Function 500. USSA requests that student aid programs be funded at their FY 1986 level, plus inflation as a minimum. Students have been caught between tuition increases, inflated living costs and real cuts in federal student aid programs.

We hope that you will take students' views -- the consumers of student financial aid -- into consideration in determining both the funding levels and the timeliness of decisions to reaffirm that there is truly a commitment to funding excellence in education. Your support during the past 5 years has made the difference for millions of current students.

I thank you for this opportunity to express our position on the FY 1987 appropriation levels for student financial assistance that directly affect students across the country -- those students considering entering postsecondary education and those who are trying to complete their education. It is the investment in education today that is a clear investment in our futures.

STATEMENT OF JANICE H. PATTERSON, PH.D., AMERICAN EDUCATIONAL RESEARCH ASSOCIATION, EDUCATIONAL RESEARCHER, UNIVERSITY OF WISCONSIN AT MADISON

Senator WEICKER. Our next witness is Janice H. Patterson, American Educational Research Association [AERA], educational researcher, University of Wisconsin at Madison.

You have just witnessed the master of timing. [Laughter.]

Senator Proxmire.

Senator PROXMIRE. Thank you, Mr. Chairman.

It is a great pleasure for me to introduce our next witness. Dr. Janice Patterson is here today on behalf of the American Education Research Association. She is the director of the computer operations of the Wisconsin Center for Educational Research at the University of Wisconsin at Madison.

Although she was born in Kentucky—after all, nobody is perfect—Dr. Patterson has been my constituent for the past 10 years. In fact, she received her Ph.D. at the University of Wisconsin at Madison. She and the Wisconsin Center for Education Research are key players in the Federal Government's education research efforts, and I welcome her. I understand her husband is the superintendent of the Madison School District. We are happy to have you here.

Dr. PATTERSON. Thank you, Senator Proxmire.

Mr. Chairman, as Senator Proxmire has told you, I am director of computer operations at the Educational Research Center in Madison. I have also have two research projects affiliated with the recent competitive activity at the U.S. Department of Education, both relating to the use of computers in schools, one in the National Center for Effective Secondary Schools, and the second in the National Center for State and Local Policy.

I am here today on behalf of the American Educational Research Association and its 14,000 members. My comments will focus principally on the Office of Educational Research and Improvement [OERI], the Federal unit that is charged with conducting research and statistical activities for the Nation. I will talk about its ability to carry out its mission, and the administration's budget request.

You have my written statement, I believe, but I would like to go again on record as saying that I and the AERA strongly support the administration's proposed budget request for OERI of $70.2 million.

We commend Secretary Bennett for his increase of 12.2 million dollars' worth of funding so that we can hope to revitalize the condition of educational statistics for the Nation, and also for basic research activity.

We know that educational research can provide answers for schools, and, Senator Proxmire, you probably know some of the things that have gone on in our own State. For instance, the Wisconsin Prereading Program that was developed at our research center is now being used in 3,500 schools across the Nation.

We have researchers on our staff who have worked closely with the Wausau Public Schools in redesigning their math curriculum, based upon not only what we know about mathematics and its structure, but also new research that is coming out in cognitive science.

So those things are filtering down to the schools, and they are making a difference.

We know that the recent State and local reforms that have come out, targeting improvement in education, have been based in part on some of the research that you know about. But we also know the frustration of policymakers who have often had to develop policies, trying to improve students' learning in schools, without adequate information. They needed to know more.

Although you have supported us throughout the years, the support needs to be increased so that we can have even stronger educational research activity.

There are three points that I would like to make here. As you know, Secretary Bennett has restructured the Office of Educational Research and Improvement, the National Institute of Education, and the National Center for Education and Statistics. They are now no longer separate entities, but are now brought under the bigger umbrella. We think that that is important, and that it will improve the activities of the agency.

We are also pleased that S. 1965 provides for the reauthorization of the Higher Education Act, which will include the education research and statistics reauthorization.

Second, the budget increase that we are talking about can stop the precipitous decline in the quantity and quality of information on the condition of education. You probably know that, according to a recent General Accounting Office report, the fiscal resources for producing statistical information has declined 30 percent in the last 5 years.

You have to couple this with the 50-percent decline in moneys for educational research. So even though we are only talking about less than one-half of 1 percent of the Department's total budget, we are talking about a tremendous impact on educational research activities.

The last point I want to make is a big issue that has importance for the Nation, not just for now, but for the long term.

I am lucky, at Wisconsin, I am one of those centers, and part of one of those centers that was recently funded for programmatic research. But I have colleagues across the Nation who were not so lucky—people at Florida State University, people at the University of Connecticut, and many independent researchers who don't have the benefit that I do in being involved with the national center.

Where are they to get money? Research moneys have been continually cut back, and there are few places that they can go to continue their work. But there is an issue here, which I think we are missing, not only are we not funding for now, are we not monitoring educational reforms for now, but we are also not supporting the bright young people, with new ideas and new understandings about research, and their training that begins as young scholars who can continue over the years, and who can contribute to the Nation's research efforts in the long term.

We know that the National Center for Education Statistics' function has been criticized over the years for its lack of comprehensiveness, its accuracy, and timeliness. These research moneys can be targeted toward improving the condition of education.

I talked before about State and local reforms, the importance of getting good information to policymakers. The moneys requested in the current budget request can help remedy some of these problems.

PREPARED STATEMENT

We are pleased with what OERI is doing. They have just conducted a major competition, and maintained consistently high standards. We ask for your continuing support for the agency, but also, more broadly, to help us assure that the long-term reform efforts and the continuing progress of American education can be built upon a foundation of solid research efforts.

Thank you.

[The statement follows:]

STATEMENT OF JANICE H. PATTERSON

Mr. Chairman and Members of the Subcommittee, I am Dr. Janice Patterson, educational researcher at the University of Wisconsin-Madison. One of my research projects, in the newly funded Center for Policy Research in Education, investigates state policies designed to stimulate computer use at the local level. Other work, supported by the National Center for Effective Secondary Schools, investigates the use of computers to stimulate student thinking. I am pleased to be here today to present testimony on behalf of the American Educational Research Association on the FY 87 appropriation for the research, statistics, and improvement activities of the Department of Education. In particular, my comments focus on the Office of Educational Research and Improvement. As you know, OERI is charged with carrying out the Federal role in conducting research and statistics and in disseminating that information to practitioners. I will briefly address the nation's need for this knowledge, the ability of OERI to carry out its mission, and the AERA's support for the Administration's budget request of $70 million to support it.

The Nation's Need for Research and Statistics

It has become clear that educational research can produce answers and is ready to assume a necessary and more prominent role in the future progress of education. The many impressive national and state reports on educational reform and improvement of the past three years rely extensively upon the information, knowledge, and perspective gained through research. Last year, the House Subcommittee on Select Education held hearings on the reauthorization of the research and statistics functions. Witnesses representing state legislatures, state and local education officials, and classroom teachers presented testimony on the need to protect and preserve the federal role in the conduct and support of education research.

In Wisconsin, educational research has contributed significantly to work in schools. The Wausau Public Schools have worked with our faculty in revising their high school math curriculum. The PreReading Skills Program curriculum researched and developed at UW-Madison is currently used in 3,500 schools across the nation. These are just two practical examples of why research support needs to be stronger.

The Administration's FY 87 budget request would bring to a halt the precipitous decline in the quantity and quality of information on the condition of education. According to a recent GAO report, fiscal resources for producing statistical information have fallen by over thirty percent in real terms in the last five years. During the same period, education research experienced over a fifty percent reduction in support. The GAO report shows the reductions for education information have been substantially greater than the ten percent loss experienced by education as a whole. The loss of $24 million in current dollars is not a very large sum over five years, in terms of either the Department's budget or the entire Federal budget. After all, the federal investment in education research and statistics represents less than one half of one percent of the Department of Education's total budget. But if you consider these reductions as proportions of the operating budgets for agencies producing information on the condition of education, they are quite dramatic.

Given the present state of information on the condition of education, AERA believes the Administration's budget request is basically sound. Over ninety percent of the budget would go toward the maintenance of current activities. The increase would be directed toward areas in greatest need of attention: namely, repairing the data base and providing support for field initiated research.

The budget increase would enable the agency to make much needed improvements in statistics and information gathering activities. As part of the effort to redesign the Center of Statistics data collection program, OERI solicited comments from educators, policymakers, and researchers. The Center's program was criticized for its lack of comprehensiveness, integration, accuracy, comparability, and timeliness. One example illustrating these problems is information on teachers. Although major teacher shortages are projected by the year 1990, the last time relevant data on turnover and attrition were collected was 1969. The Center's data base has been found inadequate to address questions about how school policies affect people's decision to enter and leave the profession, or how merit pay or master teacher plans affect the quality of teaching. The gaps in information make it possible to assess the number of math and science teachers or the seriousness of the decline in minorities entering the teaching profession. Policymakers at all levels have worried about developing educational reform initiatives with out-of-date information--in some cases, 7 year old data. It is important that we gain some sense of adequacy of these reforms and use that data to turn the system around. We can't do that without solid research. OERI has planned several initiatives in response to these problems, but efforts hinge on the availability of funds.

A second major casualty of the cost cutting moves instituted in research has been independent research by individual investigators. Budget cuts have virtually eliminated support for grants competitions for field initiated studies by individual researchers and unsolicited proposals.

AERA believes strongly that there are many talented researchers, with new ideas and strong intellectual capacity, who should have the opportunity to compete for scarce research monies. Although my own work is funded by programmatic research monies, I vigorously advocate the Department's support for unsolicited proposals and believe it must plan carefully, with the help of the research community, to set priorities for unsolicited proposals to address the nation's needs and advance our knowledge of ways to improve schools. A large number of good universities and colleges have strong research capability, but because they have no national research center on their campus, have little financial support to pursue their work; examples include University of Iowa, University of Oregon, Florida State University. Over 1,000 requests for RFPs have been received by the Department for field initiated research to be supported by Secretary Bennett's discretionary money--and there's only $500,000 in the fund.

It is vital that the integrity of the peer review process be upheld in awarding research monies. We do want to express concern about the recent department-wide directive to limit the peer review process in making decisions about the allocation of resources in the Secretary's discretionary fund. AERA and other social science organizations believe peer review is absolutely critical to preserve the independence and integrity of research and statistics functions.

The Administration's budget request includes $5 million for new research projects. The increased funding would help to restore the balance in the federal government's investment in educational Research and Development. Institutional program awards comprised over 90 percent of the research budget in FY 86 as compared to 67 percent in FY 81. Without additional funds, OERI has an extremely limited capacity to respond to creative and innovative ideas from the field, to stimulate research in areas of critical need, or to foster interesting possibilities for interdisciplinary research.

Capabilities of OERI

As you know, Secretary of Education Bennett reorganized the programs and activities of OERI last fall. Under the Secretary's plan, the National Institute of Education and the National Center for Education Statistics ceased to exist as discrete units. Five program units have taken their place: Office of Research, Center for Statistics, Programs for the Improvement of Practice, Information Services, and Library Programs. At the end of this fiscal year, the authority for research under Section 405 of the General Education Provisions Act expires. Both the Senate and House education committees have proposed reauthorization legislation. To understand the importance of this legislation, it is helpful to have an historical perspective on educational research progress and prospects.

Educational research has made great strides in the past dozen years, progress due in no small measure to the leadership of the federal government, especially NIE. Advances in educational research include new strategies and methodologies for the study of education, the accumulation of new knowledge in key areas of study, and the ability to put research to effective use. It is not difficult to trace these developments to the direct involvement and support of NIE.

Since NIE was created in 1972, Congress has supported the concept of improving education through research. Productive lines of research have developed in several targeted areas, including studies on the acquisition of reading, writing, and mathematics skills; testing and assessment; teaching and classroom management; school finance and improvement of governance and school effectiveness. In addition, the agency successfully completed Congressionally mandated studies of compensatory education, violence in the schools, and vocational education. It also redesigned and improved the National Assessment of Educational Progress.

The budget request would provide continued support for institutional programs including regional laboratories and national research centers, NAEP, and the Educational Resources Information Center (ERIC) system. The laboratories and centers constitute the centerpiece of OERI's operation and stable and continued support is absolutely essential to their success. Their funding represents the major share of the federal investment in improving the quality of education through research and its application.

In summary, AERA urges you to support the Administration's budget request. We believe OERI's reorganization has improved and strengthened the administration and management of research and statistics activities. As one example, OERI has recently completed a national competition for national research centers and regional laboratories, winning praise for maintaining high standards for research and scholarship.

The successful passage of the Administration's budget request will improve the condition of information about the health of our nation's education system, provide deeper knowledge on which to base policy decisions related to education, and, generally, achieve a more balanced portfolio for the nation's educational research and development efforts. Only the federal government can provide the stability and resources necessary for commitment to educational research issues of national concern.

Thank you for this opportunity to share our views with you. We would be pleased to address any questions or concerns you or members of the committee may have.

Senator WEICKER. Thank you very much.

Senator Proxmire.

Senator PROXMIRE. Thank you, Dr. Patterson, for your fine presentation. I also want to commend you on one short paragraph that appears on page 5 of your statement:

> It is vital that the integrity of the peer review process be upheld in awarding research moneys. We do want to express concern about the recent departmentwide directive to limit the peer review process in making decisions about the allocation of resources in the Secretary's discretionary fund. AERA and other social science organizations believe peer review is absolutely critical to preserve the independence and integrity of research and statistics functions.

I couldn't agree with you more. We have an ongoing scrap coming up on the floor a little later today on that very issue. I think you make an excellent point. You can be sure the issue will not be put on the back burner.

Dr. PATTERSON. Thank you very much.

There is another point that I would like to make in regard to the paragraph there, in talking about the importance of peer review.

It also seems to me that as the Secretary's discretionary moneys become available and are given for independent research, just as it is currently laid out, it is important that that money be targeted based upon some substantive background, such that they would say, we have moneys available to study improving teacher quality, or improving the culture of schools, but showing a specific line so that knowledge can begin to converge around a single important topic. I think that it is very important to remember it as you consider that issue.

CONCLUSION OF HEARINGS

Senator WEICKER. Thank you very much.

The subcommittee will stand in recess.

[Whereupon, at 12:10 p.m., Tuesday, May 20, the hearings were concluded, and the subcommittee was recessed, to reconvene at the call of the Chair.]

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